

## Legislation that could increase supply of water in E. Wash.

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The money would fund water-storage projects in the east and flood- and pollution-control projects in the west. "If we just did water supply, you would not receive much support from Western Washington," said Yakima Valley Sen. Jim Honeyford, a Republican.

While wolves and water are sure to attract attention, members of the Legislature are likely to be pre-occupied with \$1.4 billion in revenue increases Gov. Jay Inslee has proposed. Though the governor handed farm lobbyists a pre-session victory by including in his budget proposal tax breaks for food processors, they are still nervously watching for other tax increases that may impact the state's 37,249 farmers.

Inslee's two-year \$39 billion budget proposal is about \$5 billion higher than the one lawmakers passed in 2013. To an extent, the state Supreme Court and voters have wrestled some control over spending from legislators. The court has ruled the state must spend more on kindergarten through high school education, while voters passed Initiative 1351 in November mandating smaller class sizes, further adding to the state's school bill. Inslee has proposed a \$2.3 billion education package, which some education advocates are calling inadequate.

Washington Farm Bureau Director of Governmental Relations Tom Davis said he's still worried budget writers in the Democrat-controlled House will move to end tax exemptions, including those for agriculture. Farm groups will argue agriculture is as deserving of preferential tax treatment as Boeing. "We think we're OK with the Senate," Davis said of the possibility agriculture-centric tax breaks may be eliminated. "This concern is fixated entirely on the House Finance Committee."

Lawmakers will convene Jan. 12. The session is scheduled for 105 days, though it could go longer if the House and Republican-controlled Senate are unable to agree on a 2015-17 spending plan by mid-April.

The Senate has 25 Republicans and Mason County Sen. Tim Sheldon, who runs as a Democrat but is an ally of the Republican caucus. The Senate has 23 Democrats.

In the House, Democrats hold a 51-47 advantage.

Other agriculture-related issues include proposals to regulate spreading manure on crops, legalize hemp farming, increase resources to fight wildland fires and end state financial support for fairs.

### Handling wolves

While lawmakers are in session, the Washington Department of Fish and Wildlife is expected to update its wolf count. The census may spark talk about how to manage the animals when they are no longer listed as endangered under



Matthew Weaver/Capital Press file

Crew members widen the East Low Canal between Moses Lake, Wash., and Warden, Wash., the afternoon of March 6. The Washington Legislature is poised to take up legislation that could increase the supply of water in Eastern Washington and the quality of water in Western Washington during the upcoming session.

federal or state law, said Moses Lake Republican Judy Warnick, the incoming chairwoman of the Senate Agriculture, Water and Rural Economic Committee.

"The more they spread, the more willing people will be to have these discussions," she said.

Kretz needed wolf advocates in 2013 with a bill proposing to relocate wolves close to Seattle. The legislation never got a hearing, but it succeeded in getting people talking, Kretz said.

This year, Kretz said he may propose regional delisting, releasing wolf-populated regions of Washington from the state's wolf recovery plan.

Such a move would ease growing tensions between state wildlife managers and eastside counties, he said.

"I seriously hope I could get it done," Kretz said.

He would have to find sympathetic westside Democrats. But even sympathy may not translate into votes. House Agriculture and Natural Resources Committee Chairman Brian Blake faulted the state plan for requiring wolves to be spread through the state before being considered "recovered" in any region.

"The folks in north-central Washington are being eaten out of house and home with no potential delisting in sight," Blake, D-Aberdeen, said.

Still, Blake warned that amending the wolf-recovery plan could invite lawsuits.

"If we legislatively start pulling it apart, that, in my opinion, leaves us open to bigger problems," he said. "I think you're going to see potential for active management once the state population is delisted."

The Washington Department of Fish and Wildlife estimates that won't happen until at least 2021.

### Too much or too little

Washington has ambitious plans to increase water supplies, control floods and pre-

vent stormwater runoff from fouling bodies of water. But the state lacks money. In Olympia, water projects aren't as pressing as schools and roads.

The Legislature likely will appropriate money this session to advance efforts to increase water supplies in the Yakima Basin and Odessa Subarea, and to control flooding and restore fish runs in the Chehalis River. But the appropriations will be just a fraction of what the projects will require over the next several years. For example, the Yakima Basin plan to increase the water supply for farms, fish and cities is projected to be a 30-year, \$4 billion effort.

Some lawmakers are working on a water bond to present to voters next year. Though no specific proposal has been released, the measure would propose a statewide tax — perhaps a per-parcel tax — to raise about \$3 billion.

Honeyford said the measure would have to benefit all parts of the state to get substantial money for water projects. "We're in competition with education funding and transportation funding."

In the meantime, legislators will consider water-related bills aimed at allocating and reallocating every available drop of water.

### Tax debate underway

Inslee's 2015-17 budget proposes extending tax breaks for fruit, vegetable, dairy and seafood processors, saving companies \$15 million over two years.

The tax breaks, most of them in place for nearly a decade, are set to expire June 30.

Northwest Food Processors Association lobbyist Ian Tolleson said extending the tax breaks would encourage industries to invest in Washington. "It certainly provides the environment where we can thrive," he said.

House budget writers may take a more skeptical view of the value of tax breaks, and not just for food proces-

sors. The Farm Bureau's Davis said that while he's concerned about the House, he's confident the Senate will join Inslee in supporting tax breaks for food processors. "Two out of three is pretty good leverage," he said.

Bigger fights will involve capital gains and carbon taxes.

Inslee has proposed a 7 percent tax on capital gains of more than \$25,000 for individuals and \$50,000 for couples. The tax would not apply to retirement accounts or the sale of farms, homes and timberland.

He also proposes to cap carbon emissions for large industries, including some food processors and fertilizer manufacturers. According to a draft of Inslee's proposal, companies would have to buy "allowances" at an auction. Each allowance would let the business to emit one metric ton of greenhouse gases. Auctions would be held up to four times a year. As time went on, companies would face stricter carbon limits. The program would also include offset projects, such as anaerobic digesters, which could sell credits.

Inslee says the cap-and-trade system would motivate companies to reduce carbon emissions.

The governor says he also plans to propose by executive order to cut carbon emissions from on-road vehicles.

The Farm Bureau and several other agriculture groups have helped form a new group, Washington Climate Collaborative, to oppose Inslee's policies and advocate cutting carbon emissions through private-sector innovations.

The group argues Inslee's proposals will increase business costs and punish consumers.

### Other issues

The Washington Department of Agriculture will request legislation to regulate manure spreading on crops in Whatcom, Skagit and Yakima counties.

The proposal stems from contaminated Lummi Nation shellfish beds in Whatcom County. The tribe closed 335 acres in Portage Bay because of worsening water quality caused by fecal coliform bacteria.

Polluted groundwater around dairies in Yakima County and contaminated shellfish beds in Samish Bay in Skagit County are also problems.

Farm groups say WSDA's bill would unfairly single out agriculture for the problems, which are being addressed through local efforts. The law would be another burden for farmers and expose them to fines and lawsuits without any environmental benefit, the groups say.

"I'm inclined to give that bill a hearing, but I think it may face a difficult future," said Blake, the House agriculture committee chairman.

Inslee has asked for an additional \$2.5 million to beef up the Department of Natural Resources' fire-fighting capabilities, especially early attacks on wildfires.

The proposed DNR budget also includes \$7.7 million in grants to reseed and replace fences burned in the 256,000-acre Carlton Complex Fire — the state's largest wildfire — in the Methow Valley.

Inslee's two-year \$39 billion budget proposal is about \$5 billion higher than the one lawmakers passed in 2013. Still, there are some cuts, including \$3.4 million from WSDA's budget that would have gone to fairs. State funding makes up a large percentage of the budget for some county, community and youth fairs.

### Growing hemp

Sens. Brian Hatfield, D-Raymond, and Honeyford have introduced a bill to legalize growing hemp. "That will be one of the first bills we hear," Warnick said.

Some lawmakers say it's logical to legalize hemp farming now that the state has legalized recreational marijuana. National drug laws, however, make no distinction between hemp and marijuana, raising the prospect that hemp farmers could face difficulties with federal authorities and financial institutions.

## Longshoremen's slowdown has 'cut our ability to take goods to market'

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Drought, fires and floods also made it "a crazy year," said Nick Gombos, supply chain manager of ACX Global Inc. in Bakersfield, Calif.

ACX and Anderson both have export facilities in Ellensburg and California.

The longshoremen's slowdown has "cut our ability to take goods to market as much as 50 percent," Gombos said. "That's what ACX has seen and I think other exporters are seeing something similar."

That was his read, he said, at a recent meeting of the U.S. Forage Export Council in Las Vegas. It's a National Hay Association committee of 30 exporters.

The industry definitely lost up to 50 percent or about 100,000 tons in November, said Jeff Calaway, president of Calaway Trading in Ellensburg.

Importers can bring goods into the country through the Gulf of Mexico or East Coast, but it's not cost effective for West Coast exporters, particularly hay exporters, to use Gulf, East Coast or Canadian ports, he said.

Hay exporters have lost millions of dollars since Nov. 1, hay prices are softening and exporters are laying off employees or reducing their hours, Gombos said.

It is "strongly likely" that there will be an inventory carryover in the spring, depressing new crop prices, said Mike Hajny, vice president of Wesco International in Ellensburg.

Some exporters may not be able to live up to contracts on shipments or payments but it's "very unlikely" any of them will go out of business, Hajny said.

Members of the International Longshore and Warehouse Union are embroiled in contract negotiations with the Pacific Maritime Association, whose members operate West Coast container ports. Union members have reduced the number of containers they handle, but

blame it on a lack of trucks and other factors.

Longshoremen are moving 18 to 20 freight containers per hour at a single port versus a more normal 28 to 30, Gombos said. Some of the most efficient ports in the world move 36 to 40 per hour, he said.

The slowdown has a cascading effect on terminal operations such as no place to put containers and the inability to receive ships on certain days, Calaway said.

Automation replacing jobs is a key sticking point in contract negotiations for longshoremen, a Port of Tacoma official recently told the Washington Apple Commission. The longshoremen's union blame the slowdown on infrastructure and congestion, Gombos said, and terminal operators blame it on the union not wanting to pay for health care coverage.

China significantly reduced its imports of U.S. hay in July because of traces of genetically modified hay, maybe from cross contaminated seed.

Exporters thought they were safe with less than 5 percent GMO contamination, but China uses a different test with a standard of .01 percent, Hajny previously said.

Few exporters could meet that standard and sales dropped dramatically, Gombos said.

The U.S. and Chinese governments are still working to resolve the issue by better defining what is and isn't GMO, Anderson said. The issue is part of larger trade issues with China, he said.

"China has approved GMO Roundup Ready in cotton, soybeans and corn, but not alfalfa," he said.

A new policy in Japan has intentionally weakened the yen 35 percent compared to the dollar, Anderson said.

"That's having a huge impact on our biggest market and it's happening right in the middle of this (longshoremen's) slowdown," he said.

Hajny agreed that's a big problem.

## 'There is concern about resistance in general in grass seed production'

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"They're able to get around APHIS' authority with their new techniques," Carol Mallory-Smith, a weed science professor at Oregon State University.

Genetically modified tall fescue, which Scotts has also altered to grow "shorter, thicker and darker green," is the latest grass crop to be cleared by USDA after Scotts notified the agency that it planned to begin field testing the variety.

Capital Press was unable to reach Scotts for comment, but some in the grass seed industry say the company's activities have sparked concerns.

Resistance to glyphosate — while potentially convenient for homeowners — can turn grasses into troublesome weeds for farmers.

Naturally occurring resistance from repeated glyphosate spraying has already caused problems for Northwest hazelnut growers and farmers in the Midwest who use annual ryegrass as a cover crop, said Bryan Ostlund, administrator of the Oregon Tall Fescue Commission.

"There is concern about resistance in general in grass seed production," Ostlund said.

Turf-type tall fescue is typically planted on golf courses and lawns and isn't usually considered weedy, he said.

While Ostlund isn't sure what Scotts has planned

for its glyphosate-resistant grasses, he urged the company to "proceed with caution."

Unlike Kentucky bluegrass, which largely produces seeds asexually, tall fescue is much more likely to cross-pollinate with other grasses of its variety, according to a breeder who declined to be named. "If it's anywhere near any other tall fescue, it will outcross."

While the potential for cross-pollination can be mitigated during commercial seed production, it would be much harder to control the biotech crop's gene flow if it's released to homeowners, the breeder said.

"It's a perennial crop. It's not going to die out," the breeder said.

Export markets that object to biotech crops, such as Europe, are also unlikely to differentiate between Scotts' biolistic glyphosate-resistant cultivar and other biotech crops that were made with plant pests and previously regulated by USDA, the breeder said.

"It's still genetically modified. It's still transgenic," said Mallory-Smith of OSU.

For the new tall fescue to be a viable product, its resistance to glyphosate would have to be strong, she said.

For farmers, such resistance would mean switching to other herbicides or weed control methods if they want to remove the variety, Mallory-Smith said.

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