

MINUTES

Negotiated Rulemaking – IDAPA 02.06.01 – Rules Governing the Production and Distribution of Seed

Tuesday, July 25, 2023

Held via Teams

ISDA Attendees

Lloyd Knight

Dan Salmi

Caroline Melle

Stacy LaMastra

Stakeholder Attendees

Elizabeth Criner

Roger Batt

Cassidey Plum

Rick Winn

Braden Jensen

Stacey Wolfe

Pat Brownfield

Gina Lohnes

Will Johnson

Richard Fillmore

Lloyd Knight called the meeting to order at 9:00am. This negotiated rulemaking is the result of a petition for rulemaking submitted by the Idaho Eastern Oregon Seed Association. Knight asked Roger Batt to provide any opening comments or discussion on behalf of the petitioner.

Batt: The Idaho State Seed Lab (ISSL) fees are very low and offer unfair competition to other labs. During the November 2022 Idaho Eastern Oregon Seed Association (IEOSA) meeting, Director Tewalt and other ISDA employees presented some ISSL fee comparison information during their meeting.

An IEOSA vote was taken after the presentation, and it was unanimously decided that ISSL fees should be raised.

An increase in fees might allow the ISSL to use less General Funds.

Lloyd mentioned, an increase in ISSL revenue does not necessarily mean that less General Funds will be used. Promises on revenue use cannot be made before the revenue is generated. The ISSL funding General Funding sources and Dedicated Funds have been established many years ago.

Roger also stated that Industry recently discussed the current ISSL fees and thought the easiest and most logical way to adjust the pricing is based on inflation. According to Rick Winn, a 2006 dollar is now a \$1.51 in 2023. This translates to an inflation rate of 51% over the past 17 years.

Therefore, Industry proposed raising the ISSL fees by 51%.

It was also proposed that only the top 5 crops have their fees adjusted. With the understanding that these 5 crops represent approximately 90% of all the ISSL business.

The 5 crops include:

1. Beans
2. Grains
3. Natives, Rangeland, Revegetation
4. Vegetables, Herbs, Flowers
5. Peas

It was then agreed that it would make more sense to raise all fees by 51% rather than making increases crop specific.

Stacy and others mentioned that some tests may not require a 51% increase since they are very simple tests, and their current pricing might be close to being adequate.

It was stated that knowing what the actual costs are to perform a test would be useful. Lloyd stated this would be difficult and require much time to try to get real cost data.

It was agreed that another review of the proposed price list would be warranted, since some tests will not fit the 51% change formula.

Lloyd said that it is possible that some additional changes could be possible in the Fall.

There were questions of whether a fee increase would result in customers choosing to use other, cheaper labs. This is possible, but other factors influence the choice of lab. Lost revenue of customers using a different lab could be offset by increased revenue generated by higher test fees.

Pat stated that although the work at ISSL is very high quality, there can be public misperception that the quality of the work at ISSL is subpar due to the low cost of testing services. She also said most customers won't switch labs based on pricing alone. Many factors like location, trust and level of service go into a customer / lab relationship.

Roger requested that the ISDA put the ISDA and other state lab's fee schedules into an Excel file and send it to Roger and Cassidey. It was decided that it would be useful to look at ISSL current fee schedule, ISSL fee schedule including a 51% increase, and other labs' fee schedules. It was stated that further industry feedback when provided with this information would be useful.

Meeting adjourned at 10:00am.