

FEDERAL AG ASSISTANCE FUNDS APPORTIONED TO AG PROJECTS

With the passage of HR 2213 in January, Congress allocated a variety of supplemental agricultural payments, including \$133.4 million in grants to several states to promote specialty crop production within the state. The Washington Department of Agriculture received \$10 million to support specialty crops, which is defined as a non-program crop (meaning any crop except wheat, feed grains, oilseeds, cotton, rice, peanuts, and tobacco, which are federal “program crops”). Governor Gary Locke recently announced his allocation decisions for the \$10 million in federal agriculture grants received by the Washington State Department of Agriculture. The governor highlighted two projects funded by the federal assistance, including a water storage project in Yakima Valley and a multi-year program designed to urge Washington citizens to “Buy Washington” food and agricultural products.

Noting that no new water storage facilities have been built in the Yakima Basin since the 1930s, Locke presented \$375,000 to the Ahtanum Irrigation District to be used in bringing the district’s Pine Hollow Reservoir project closer to reality. The funding will allow a watershed assessment to be conducted concurrently with the project’s Environmental Impact Statement, which will be funded by the state. An additional \$500,000 of the grant funds is now earmarked for follow-up feasibility studies for Black Rock Reservoir and another \$1.1 million is being set aside for other projects yet to be identified that will enhance the availability of water for irrigation.

\$3 million of the grant funds will be used to initiate a statewide program to encourage consumers to “Buy Washington” and increase sales of Washington agricultural products at home. “Overseas markets have become more competitive and imports have begun to

flood our markets,” Locke said. “‘Buy Washington’ will help our producers compete for retail-shelf space by helping consumers identify locally-grown products.”

The following Washington projects will also receive federal agriculture assistance funds:

Relief for Raspberry Growers (\$2.8 million) - Direct relief to raspberry growers due to low prices in 2000. *Editor’s note: This assistance, the only direct commodity assistance in the whole package, was hotly contested by many other agriculture groups.*

Trade Issues (\$650,000) - To help Washington’s agricultural industry fight trade barriers and research trade-equity issues. This complements \$350,000 provided this biennium and broadens the potential scope of activities for specific projects.

Market Promotion and Assistance (\$785,000) - To develop overseas markets for Washington agricultural products.

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ANDERSON ELECTED PRESIDENT OF NHA

Mark Anderson, of Anderson Hay & Grain in Ellensburg, WA, was elected President of the National Hay Association at the NHA’s 106th Annual Convention held in Cedar Rapids, IA, in September. The 107th NHA Annual Convention will be held in Seattle, September 19 - 21, 2002.

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Matching Funds for Pesticide Research (\$150,000) - To be used by the Commission on Pesticide Registration to provide full or partial matching funds for research projects submitted by commodity groups that represent “minor, minor” crops (those not among the top 20 in farmgate value).

Cranberry Promotion (\$25,000) - To support a national generic promotional program based on the health benefits of cranberries.

Ag/Fish/Water (\$200,000) - To support scientific research relative to the Ag/Fish/Water process.

An uncommitted reserve of \$500,000 will be used for yet-to-be-identified projects or activities of general support for crops, or to augment already-identified projects or activities. These funds will be available for use by the new director of Agriculture.

STATE'S BUDGET WOES WORSEN

Gov. Gary Locke has asked the heads of six state agencies to cut 15 percent out of their budgets to address an estimated \$1 billion shortfall in the state budget. The affected agencies include Social and Health Services, Health, Fish and Wildlife, Trade and Economic Development, Corrections, and Ecology. Layoffs, not considered in almost 20 years, appear likely. For the private sector, though, Gov. Locke has committed himself to not balance the state budget through tax hikes.

KLAMATH BASIN COMMUNITY FILES SUIT SEEKING \$1 BILLION IN DAMAGES

Klamath Basin farmers, ranchers, small businesses, and irrigation districts filed a lawsuit in the U.S. Court of Federal Claims in Washington, DC, alleging that the federal government owes them up to \$1 billion in compensation for cutting off irrigation water this year.

The U.S. Bureau of Reclamation announced April 6 that 90 percent of farmers and ranchers drawing water from the Klamath River Basin irrigation project would be denied water this year to maintain flows for endangered sucker fish and coho salmon. The plaintiffs allege that the government's action constitutes a taking of private property, in violation of the Fifth Amendment.

“The Klamath Basin economy has been devastated and the lives of over a thousand farmers, ranchers, business people, and school children thrown into chaos because of the government's action,” said Bob Gasser, a Klamath Basin businessman and leader of community efforts to publicize the water crisis in the region. Plaintiff James L. Moore said the legal action is necessary to resolve the situation so preparations, including planning and financing, for the 2002 growing season can begin. “We want to continue to be a part of the agricultural community that produces quality, safe, and inexpensive food for America.”

The federal Klamath Basin irrigation project has provided an efficient system for the distribution of water for agriculture and other users, such as wildlife preserves, for nearly 100 years. The government's ruling was the first time that water has been cut off to agriculture and national wildlife refuges in the project.

On April 30, 2001, the U.S. Federal Court of Claims handed down a decision in the *Tulare Lake Basin Water Storage District v. U.S.* suit over non-delivery on California State Water Plan contracts, in which the Court held that the water users are entitled to compensation for water taken to protect endangered fish. The same law firm that represented Tulare Basin Water Storage District represents the Klamath Basin community.

In the Klamath irrigators' original suit for injunction to set aside the U.S. Bureau of Reclamation's decision to halt water deliveries, Judge Ann Aiken sided with the government. The water users kept their suit alive at the request of the state of Oregon to provide a forum for mediation of river issues. The recent action by Klamath Basin irrigators to withdraw from mediation and file suit for damages met with criticism from the other mediation participants, including the tribes and fishermen.

WASHINGTON/OREGON (COLUMBIA BASIN)

Tonnage: 9,040 Week Ago: 11,200 Year Ago: 8,430

Compared to last week, Good and Premium alfalfa for export steady on very lightly reported sales. Trading very slow, demand moderate to good on very light offerings of hay with no faults. Premium alfalfa dairy hay trading mostly steady to firm for quality test and cutting of hay. Trading moderate, demand good on light offerings. Good alfalfa dairy and exporter slicer hay trading firm. Trading very slow. Demand light to moderate on light to moderate offerings. Low and Fair alfalfa some with faults trading steady. Trading slow, demand light to moderate as buyers a take a wait see look at the market on very light offerings. Feedstore and horse sales steady to firm. Trading and demand moderate on light to moderate offerings.

Quality/Bale Size	Tons	Price	Wtd Avg	Comments
Export Alfalfa sales to move in 60 days, tops off:				
Premium 2-tie	90	130.00	130.00	
Premium 3-tie	250	120.-130.00	125.60	

Quality/Bale Size	Tons	Price	Wtd Avg	Comments
Domestic Alfalfa sales, tops off:				
Premium 2-3 tie	850	120.-130.00	124.94	
Prem. mid/ton	4155	115.-130.00	122.66	

Good 2-3 tie	60	110.00	110.00	
Good mid/ton	770	107.-115.00	109.08	

Fair 2-3 tie	120	100.00	100.00	
Fair mid/ton	200	95.00	95.00	

2,545 tons of other hay reported. Export Premium #1 dairy timothy 150.00 FOB. Good to Premium orchard grass for export 145.00 FOB. Premium alfalfa, 4th high moisture, ADF 27+ 120.00 FOB 2 tie. Premium alfalfa, new seeding light grass, ADF 27+ 115.00 FOB. Premium alfalfa, light rain damage, ADF 27+ 120.00 FOB. Good alfalfa, light rain damage, ADF 30+ 100.00 FOB. Fair to Good alfalfa, low potassium 105.00 FOB. Fair alfalfa, rain damage, ADF 32+ 90.00-95.00 FOB. Low alfalfa, heavy weeds and grass, ADF 35+ 75.00-80.00 FOB.

Good beardless barley 85.00 FOB big bales. Feedstore or horse accounts sales covered, mostly 2-3 tie bales: Good to Premium orchard 135.00-155.00 FOB. Good orchard grass, some with light rain 120.00-125.00 FOB. Good to Premium orchard/alfalfa blend 115.00-140.00 FOB, few small sales to 155.00 FOB. Good orchard/alfalfa blend, some with light rain 110.00-120.00 FOB. Good timothy/alfalfa 130.00-140.00 FOB. Good to Premium alfalfa 120.00-140.00 FOB, few small sales to 145.00 FOB. Good alfalfa, some with light rain 100.00-115.00 FOB. Wheat straw 50.00 FOB.

USDA Market News

LUGAR PROPOSES SENATE FARM BILL

Senator Richard Lugar, senior Republican on the Senate Agriculture Committee, has proposed an overhaul of farm programs that would reduce assistance to grain and cotton growers and give money to farms that raise crops that do not currently receive federal assistance. The Bush Administration has announced it backs Senator Lugar's plans for phasing out crop subsidies, doubling spending on conservation, and paying farmers to act to reduce their financial risk. Lugar's five-year plan would cost about \$82 billion, the maximum that the White House wants to spend. A bill passed by the House earlier this month would extend farm programs for 10 years and cost \$170 billion.

The goal of Lugar's "Farm Safety Net and Environmental Payments Programs" is to "provide broad-based non-distorting farm safety net and environmental enhancement programs for U.S. farmers and ranchers that rely on shared

responsibility between producers and government." The legislation features new broad-based farm safety net and environmental enhancement programs to begin in 2003, while existing farm commodity programs would be phased out over three years from 2003-2005. The existing crop insurance program would be retained with some changes.

SPOKANE INTERSTATE FAIR HAY KING CONTEST WINNERS

Hay King - Log 5 Orchard Grass Hay
Don Nilles - Spokane, WA

Best of Lot - Lot 3 Grass/Legume Hay
Larry Busse - Spokane, WA

Best of Lot - Lot 1 Legume (Alfalfa) Hay
Rande Kummer - Deer Park, WA