

Joint News Release

Canyon County Farm Bureau; Caldwell/Canyon County Economic Development Council; Canyon County Agricultural Foundation for Education; Coalition for Agriculture's Future

NEW U of I REPORT SHOWS AGRICULTURE'S CANYON COUNTY ECONOMIC IMPACT

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Nampa, Idaho – (Feb. 22, 2010) – A new University of Idaho report confirms what many have believed for decades: agribusiness is the number one contributor to the Canyon County base economy, and factors that enhance or hinder its performance have an effect in terms of sales, value added, wages paid and employment.

The report concludes that the economic impacts of an acre of cultivated Canyon County farm land are worth \$15,834 in base sales, \$3,379 in base wages, and 0.10 in base jobs. That means every acre of agricultural land lost to other uses is a \$16,000 hit to the County's economy. In 2002, that figure, expressed in 2007 dollars, was just \$10,200 per acre.

In 2007 Canyon County ranked 4th in Idaho in overall cash receipts from agriculture, amounting to \$520,489,000. Agribusiness including production agriculture, agricultural services and agricultural processing constituted 32.4 per cent of the County's economic base. About 84 per cent of Canyon County's land is allocated to agriculture.

The report, released by its authors on Dec. 31, 2009, is titled "The Impacts of Irrigated Agriculture and the Economic Base of Canyon County." It updates a 2002 report addressing the same issue. The new report, prepared by Steve Peterson and Abelardo Rodríguez with the U of I in Moscow, uses 2007-2009 data. The report is available at the following internet website:

www.agriculturesfuture.org

"Because most of the land area in Canyon County is in agricultural use, policy makers are faced with some questions such as: How important is agriculture to the county's economy? Is new growth a substitute for agriculture or is it a complement? We are hopeful this new data will provide a way to help answer those questions," said Peterson, one of the two U of I authors of the report.

The report also shows that the available irrigated farmland in the County has declined by 12% from 1987 to 2007 to accommodate residential housing, commercial construction, roads and parks, among other uses.

Despite the decline, the U of I study shows Canyon' County's agribusiness complex has maintained its contribution to the county economy. However, irrigated land cannot be continuously reduced and fragmented without jeopardizing the entire agribusiness complex in the County, the report concludes.

"This report provides more compelling evidence that Canyon County must not sacrifice agricultural land due to poor planning or unmanaged growth. If you are going to replace ag land, it must be for something of equal or greater economic value, a position the Coalition fully endorses and supports," said George Crookham, chairman of the Coalition for Agriculture's future that helped fund the report.

Other funds came from Canyon County Farm Bureau; Caldwell/Canyon County Economic Development Council; and the Canyon County Agricultural Foundation for Education.

Major Findings and Limitations of the Study

A copy of the full report is available for download on the Coalition For Agriculture's Future internet website at: www.agriculturesfuture.org.

1. Agribusiness including production agriculture, agricultural services, and agricultural processing constitutes 32.4% of the economic base of Canyon County in 2007, nearly the same proportion (31.7%) of the base economy in the earlier study (based on year 2000).
2. Canyon County has one of the richest farmlands in Idaho ranking 4th in agricultural receipts; the second largest population (183,939); geographically one of the smallest counties in Idaho; and the 2nd fastest growing population in the state during the last decade.
3. Canyon County is a paradox: it is both urban and rural (agriculture) and its economy is a function of both worlds.
4. Evidence shows that available irrigated farmland has declined by 12% from 1987 to 2007 to accommodate non-agricultural growth (residential housing, commercial construction, roads and parks, among others).
5. The economic impacts of each acre of cultivated farm land are worth \$15,834 in base sales, \$3,379 in base wages, and 0.10 in base jobs. As land is transformed from agriculture to other uses, the economic impact in terms of base sales could decline at approximately \$16,000 per developed acre. Some underlying assumptions are:
 - A linear relationship between the economic impacts (i.e. exports) of agribusiness and available irrigated land is assumed for the purposes of simplicity and clarity.
 - In reality the decline in base agribusiness will likely follow a nonlinear declining step function as irrigated land is removed from production over time; land fragmentation increases; and agricultural processing costs rise.
 - This study implicitly assumes there is ample non-irrigated land in the medium-term to expand the other sectors of the economy (i.e. commercial, residential, manufacturing, and services) without reducing irrigated farmland. If new growth from the other sectors of the economy can only occur on irrigated farmland, then the economic impacts of the alternative activities would have to be weighed against the economic impacts of the irrigated farmland.
 - This analysis does not consider the income effects of potentially preventing the owners of irrigated farmland from developing their property as they desire.
 - This analysis does not examine the effect on water rights from the transformation of land use from agriculture to residential development.
 - The unintended effects of historic land use development patterns may be the primary cause of the decline in irrigated agricultural land, but this issue is left for future research.
6. This study has shown that the agribusiness complex has maintained its contribution to the county economy despite reductions of its land base. However, irrigated land cannot be continuously reduced and fragmented without jeopardizing forward and backward linkages of the agribusiness complex. The strength of the agribusiness complex is dependent on its weakest link.
7. In sum, agribusiness is the number one contributor to the base economy and any factors that enhance or hinder its performance has an effect in terms of sales, value added, wages paid and employment.