

Assembly Hearing Slip

(Please print plainly)

Date: 13 JUL 95

Bill No. AB483

Or

Subject GATE WORKMEN

J. H. HOWARD

(Name)

ATCA

(Street Address or Route Number)

MADISON, WI

(City & ZIP Code)

ATCA

(Representing)

Speaking *In favor*:

Speaking *against*:

Registering *In favor*:

Registering *against*:

Speaking for *Information only*:

Neither for nor *against*:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Committee on Agriculture

DATE 7-13-95

Moved by Hahn Seconded by Ott

AB 483 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____ Appointment _____

A _____ SR _____ Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

Passage *as amended*

Introduction

Adoption

Rejection

Indefinite Postponement

Tabling

Concurrence

Nonconcurrence

Confirmation

	Committee Member	Aye	No	Absent	Not Voting
1.	Ott, Alvin (Chair)	✓			
2.	Ward, David (Vice-Chair)	✓			
3.	Ainsworth, John	✓			
4.	Zukowski, Robert	✓			
5.	Otte, Clifford	✓			
6.	Skindrud, Richard	✓			
7.	Hahn, Eugene	✓			
8.	Olsen, Luther	✓			
9.	Gronemus, Barbara	✓			
10.	Baldus, Al	✓			
11.	Reynolds, Martin			✓	
12.	Springer, Thomas	✓			
13.	Wilder, Michael	✓			
14.	Dueholm, Robert	✓			
15.					
16.					
17.					
18.					
Totals		13	0	1	0

MOTION CARRIED

MOTION FAILED

Assembly Committee on Agriculture

DATE 7-13-95

Moved by Olsen Seconded by Ainsworth

AB 483 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____ Appointment _____

A _____ SR _____ Other _____

A/S Amdt 1

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

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4.	Zukowski, Robert				✓
5.	Otte, Clifford	✓			
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10.	Baldus, Al	✓			
11.	Reynolds, Martin			✓	
12.	Springer, Thomas	✓			
13.	Wilder, Michael	✓			
14.	Dueholm, Robert	✓			
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Totals		12	0	1	1

MOTION CARRIED

MOTION FAILED

Assembly Committee on Agriculture

DATE 7-13-95

Moved by Hahn

Seconded by Ainsworth

AB 483

SB _____

Clearinghouse Rule _____

AJR _____

SJR _____

Appointment _____

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A/S Amdt 1

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6.	Skindrud, Richard	✓			
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10.	Baldus, Al	✓			
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Totals		12	0	1	1

MOTION CARRIED

MOTION FAILED

1995 Session

LRB or Bill No./Adm. Rule No.

AB483

Amendment No. if Applicable

FISCAL ESTIMATE
DOA-2048 (R 10/94)

- ORIGINAL
- CORRECTED
- UPDATED
- SUPPLEMENTAL

Subject

Indemnity of livestock ordered destroyed.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or effects a sum sufficient appropriation

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No local government costs

- 1. Increase Costs
 - Permissive Mandatory
- 2. Decrease Costs
 - Permissive Mandatory

- 3. Increase Revenues
 - Permissive Mandatory
- 4. Decrease Revenues
 - Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others
 - School Districts VTAE Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.115(2)(a) & (2)(b)

Assumptions Used in Arriving at Fiscal Estimate

The bill adjusts the way the Department calculates indemnity payments for livestock slaughtered at the Department's order to control the spread of infectious disease. Based on the past several years' experience, few claims are expected for cattle, deer and elk slaughtered due to positive tests for tuberculosis or brucellosis. Depending on the number of animals condemned, claims have totalled between \$0 and \$20,000. This bill could result in increased indemnity payments for deer, elk, and bison, since it would increase the maximum indemnity payment for an animal to \$1,500. Under current law, the maximum indemnity payment is \$600 for tuberculosis and \$300 for brucellosis. Only high valued animals such as listed above would be subject to payments as high as \$1,500; the increase in indemnity payments for a herd of grade cattle, for example, would be quite small. Pseudorabies indemnity claims have averaged about \$200,000 a year for the last several years. This bill will not change pseudorabies indemnities. The overall fiscal impact of this bill cannot be predicted with certainty, since it would depend on the extent of disease outbreaks and the value of animals condemned.

The repeal of the livestock remedies sections (95.64-6) will result in a minor loss of revenue (under \$500 GPR earned per year) and a reduction of two days work to register the remedies and accept the payments. Responsibility for regulation of remedies and false claims rests with the Federal Drug Administration.

The provision of civil forfeiture penalties in addition to existing criminal penalties for violations of Chapter 95 Stats. will aid in enforcing animal health laws offering district attorneys a milder penalty for minor infractions. This will also ease the county court and prosecutor workloads. In addition, the availability of civil penalties will improve the willingness of prosecutors to accept Department cases for prosecution, allowing a more consistent application of enforcement across the state. It will have no fiscal effect.

Long-Range Fiscal Implications

Minor changes in revenues and costs are anticipated.

Agency/Prepared by: (Name & Phone No.)

Larry P Jung, 608 224-4885
DATCP

Authorized Signature/Telephone No.

Barbara Knapp
Barbara Knapp

Date

224-4746

07/11/95



State of Wisconsin
Tommy G. Thompson, Governor

Department of Agriculture, Trade and Consumer Protection

Alan T. Tracy, Secretary

2811 Agriculture Drive
Madison, Wisconsin 53704-6777

PO Box 8911
Madison, WI 53708-8911

Hearing Testimony
Assembly Agriculture Committee
Room 417 North
July 13, 1995

Chairman Ott and Committee Members:

The Department of Agriculture, Trade and Consumer Protection is testifying today in support of AB 483, and wishes to thank the sponsors of this legislation for bringing it forward at the request of the Department. AB 483 will bring about some long overdue changes in Ch. 95, which provides the statutory authority for Wisconsin's animal disease control programs.

Indemnities for diseased livestock

Certain livestock diseases, such as brucellosis, tuberculosis and pseudorabies, are of such importance to public health and livestock production that cooperative federal-state eradication programs have existed for many years. When infected herds are found, rapid cleanup of infection is achieved by slaughter or destruction of infected animals. This inevitably results in economic loss to the owner, which is partially compensated by state and, in some cases, federal indemnity payments. This legislation will bring greater consistency and equity to Wisconsin laws pertaining to the amount of indemnities paid for various species of food-producing animals, and will provide the department the opportunity to make rules pertaining to the important process of appraising the value of animals that must be disposed of.

Indemnities do not assure a profit to a producer whose livestock are diseased: the lost production and breeding value of animals are not compensated. However, by providing a producer the opportunity to remain in business, the process of cleaning up disease is greatly speeded up, and a much higher degree of producer cooperation with disease eradication programs results.

In examining AB 483, we have realized that the bill as drafted did contain language that would result in inequitable treatment of sheep producers whose flocks are infected by scrapie, in that Ch. 95 would continue to give the Department authority to condemn animals, but no indemnity payment would be allowed. An amendment has been prepared to deal with this situation, which would eliminate the Department's specific condemnation authority for scrapie. We no longer need this authority, since the scrapie control program is now entirely federal. Sheep owners were given a one-time opportunity to dispose of infected flocks during 1993-94 with payment of a federal indemnity, and the federal scrapie

program is now targeted on achieving long-term control of the disease without compulsory slaughter of animals. As ammended, AB 483 would permit Wisconsin to continue to cooperate with the national scrapie program, and would continue to mandate proper disposal of animals that die from scrapie.

Repeal of livestock remedies registration

Ch. 95.64, 95.65 and 95.66 have mandated producers of livestock drugs and other remedies sold in Wisconsin to register them with the Department and pay an annual \$6 fee. These statutes may have been justified in times past, when products of questionable value were being sold to producers, but have become an anachronism with today's high scientific standards and U.S. Food and Drug Administration oversight of animal drugs. The Division of Animal Health has never evaluated the safety or efficacy of products registered and has limited capability to do so. The result has been a money-losing low-volume paperwork exercise that is inconvenient for manufacturers confers no additional protection to producers, and consumes scarce resources.

Civil forfeiture authority

This provision of AB 483 would provide the Department the opportunity to pursue a civil remedy for violations of animal health statutes and administrative rules instead of the present misdemeanor criminal penalty. While a criminal penalty may be appropriate in some cases, a civil penalty usually is far more appropriate, and we believe district attorneys will be more inclined to take up cases if a criminal sanction is not involved. Finally, this addition to Ch. 95.99 will allow greater flexibility in tailoring the monetary penalty to the seriousness of the violation.

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION
STUDY AND RECOMMENDATIONS ON STATE INDEMNITY POLICY

- **Governor Thompson's request for DATCP to review indemnity policy:**
 - Review all of the state's animal disease indemnity programs for consistency
 - Survey other state indemnity programs
 - Review the long term costs
 - Make recommendations on the legitimate levels of indemnification to ensure the control of bovine tuberculosis in commercially raised deer.
- **Why the analysis of indemnity policy was needed:**
 - Under current law, indemnities are inconsistent. The amount of indemnities differs by species and disease, even when there is no basis for the distinction based on the characteristics of the disease or potential losses to the producer.
 - Caps on indemnity payments do not adequately recognize the value of new commercially farmed species, such as deer and elk.
 - The appraisal methods set forth in current law do not assure consistent and fair appraisal of animals.
- **How we conducted the study:**
 - Reviewed legal basis and case law on indemnification.
 - Conducted 50-state survey of indemnity laws.
 - Identified key issues regarding indemnity policy, and considered how other states addressed those issues.
 - Estimated the financial impact of various alternatives on the state and on the producer.
 - Developed recommendations designed to promote consistency, fairness to producers, and disease program effectiveness, while simultaneously limiting costs to the state.

- **Recommendations**

- State indemnities would equal 2/3 of the difference between the appraised value and the sum of salvage value of the animal and federal indemnity, if any. For pseudorabies, the indemnity would equal 100% of the difference between the appraised value and salvage value. All indemnities would be subject to a \$1500 per animal cap.
- A consistent and workable process for appraising animals for indemnification, based on actual prices received in public sales, would be established.
- Indemnities would be limited to animals raised primarily for food for human consumption.

- **What the recommendations would achieve:**

- Greater consistency. Under current law, a different indemnity would be paid to a dairy farmer whose cow is condemned due to brucellosis than if the same cow were condemned due to tuberculosis. This inconsistency would no longer occur.
- Limited role for GPR. The proposal would establish the principle that GPR should be used to indemnify the commercial grade value of animals, with a minor allowance for purebred animals. GPR would not be used to indemnify the additional value of extraordinary breeding stock; producers of extraordinary breeding stock would be expected to assume certain risks, given the high potential return associated with raising these animals.
- Increased indemnities for commercially raised deer and elk. Indemnities for commercially raised deer and elk would be set at a level that balances the need to recognize the high value of these animals with financial considerations and the principle that persons raising breeding stock should assume risks commensurate with potential return.