



Wisconsin Cheese Makers Association

P. O. Box 2133, Madison, WI 53701
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Phone: (608) 255-2027 Fax: (608) 255-4434
E-Mail: office@WisCheeseMakersAssn.org

October 16, 1997

*File - w/ Rule
Assembly*

Rep. Al Ott
Third District Representative
318 North State Capitol
Madison, WI

Dear Representative Ott:

A note to let you know Wisconsin Cheese Makers Association and our 88 processor member companies appreciate the interest you have shown in recent debates over raising dairy farm and dairy plant license fees and the newly-proposed Food Safety Task Force.

We share the sentiments you offered at Thursday's (Oct. 16) Agriculture Committee hearing. You said you hoped the new task force is a serious, earnest, and productive effort, and we heartily agree.

Many programs within the food safety division at the Wisconsin Department of Agriculture, Trade and Consumer Protection have not been reviewed, questioned or modernized in decades. This Food Safety Task Force can be a healthy, partnering activity where industry, academia and government build a better food safety division.

To succeed, the agriculture department cannot enter this process with a closed mind or closed set of agenda topics. There are many good ideas for improving the department, some are found in the division's own efficiency study, and others exist among farmers and plant operators. We hope that you will encourage the department to think "outside of the box" for restructuring that saves money and improves performance.

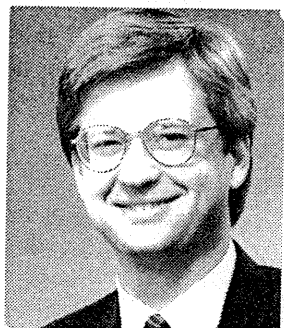
The Legislature, for its part, may be asked to make and support statutory or rule changes based on task force recommendations. Your enthusiasm for this project is a good sign that the Assembly is willing to make this task force a real agent for change, not a generator of paper. We look forward to working with you.

We commend the department for the idea of a task force. We believe this body should evolve into a permanent advisory committee to WDATCP. A permanent committee could accelerate Wisconsin's efforts to take positive steps that rejuvenate our faltering dairy industry.

Best Regards,


John T. Umhoefer
Executive Director

cc: Assembly Agriculture Committee members
Rep. Thomas Ourada
Sen. Richard Grobschmidt
Sen. Brian Rude



WCMA NOTES

by John Umhoefer, Executive Director
Wisconsin Cheese Makers Association

A FUTURE WITH FEWER FEES

The Wisconsin Department of Agriculture listened to its governing Board and to the Wisconsin Cheese Makers Association and has reduced its request for more fees from the dairy industry.

The department attempted to float an increase in dairy farm and dairy plant license fees during the last 10 months of sinking dairy income. September 9, our agriculture department acknowledged that timing is everything and canceled most fee increases.

The result is good policy: dairy farmers and cheese manufacturers in Wisconsin will retain a little more margin, the department's food safety division will gain enough new money to cover its bottom line this year and next, and the whole bruising exercise has led all parties to look at a new kind of solution for the future.

Dairy farmers and dairy plants fund a variety of programs and staff at the Wisconsin Department of Agriculture, from the green-visored bureau that audits the financial security of milk buyers to white-coated cheese graders. New fees proposed this year largely would have covered increased costs in dairy farm and dairy plant inspection programs.

This fall, the Wisconsin Department of Agriculture will look for new solutions to match its regulatory roles to the money available. Acting Secretary Joe Tregoning has announced that a Food Safety Task Force will look at ways for the department's food safety division to

focus its programs, streamline or eliminate non-essential services and assure long term funding for essential services.

This Task Force is a true opportunity to thoroughly review programs, budgets and staffing at the Department of Agriculture and redesign services for the next century. Food safety programs both obscure and essential have not faced an impartial critique in years.

A Task Force can reduce unnecessary programs and reaffirm the importance of others. A combination of agency leaders, dairy farmers, dairy plant representatives and legislators can partner to make a Task Force that improves, not destroys our tradition of safe and wholesome dairy products in Wisconsin.

Where to start? The Department has already provided suggestions at the Governor's request. Earlier this year, Governor Thompson weighed in on the issue of increasing fees. His state budget called for an efficiency study within the food safety division. That study, completed in September, offers numerous ideas for the Task Force to explore.

Some suggestions for change in the study:

- Fees as incentives. The agriculture department proposes a new way to charge for dairy farm licenses. Instead of \$20 per farm, charge \$20 for every inspection beyond the first. The best farms pay nothing, the worst pay \$120 (6 visits).

- Reduce Grade A farm inspection. Either require fewer inspections (as many as six are required) or elim-

inate inspections. Installing HACCP safety concepts on-farm could eliminate the need for inspectors to stare at walls, floors and ceilings. This change, saving at least \$1 million annually, would require national agreement by all states and FDA.

- Eliminate Grade B farm inspection. Again, employing HACCP to focus on the milk, not the farm. Good milk means good farms and no need for inspection. Poor milk would trigger inspections. Farmers would save \$80,000 in license fees.

- Do we need state graders? Wisconsin has 476 licensed cheese graders in industry and three agriculture department graders. Should plants continue to pay \$114,000 annually to support these three state graders?

- Join the computer age. The department can eliminate secretarial work by computerizing forms and inspection reports filed by the state's 60 roving food inspectors.

- Specialize. Food inspectors roam through dairy farms, restaurants, breweries and cheese plants. Realignment staff to focus on industries could make a smarter regulatory team.

These ideas are just the beginning of possible changes and improvements for the food safety division within Wisconsin's Department of Agriculture. WCMA looks forward to assisting this Task Force in building a streamlined, effective agency.

John Umhoefer is executive director of the Wisconsin Cheese Makers Association, P.O. Box 2133 Madison, WI 53701. (608) 255-2027.



LAKESIDE FOODS

OCT 30 1997

October 29, 1997

*File w/ Rule
ARMY*

Representative Al Ott
State Capitol
P. O. Box 8953
Madison, WI 53708-8953

Dear Representative Ott:

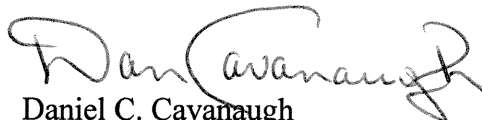
Lakeside Foods, with six different operating facilities located in Manitowoc, Reedsburg, Belgium, and Random Lake oppose the proposed increase in Food Processing fees. We are extremely supportive of the job that is done by the Department in food safety and have hosted training seminars. We have found these to be particularly useful, and feel that knowledge and information was gained by all involved.

The proposed increase in fees — which seems to be aimed directly at the food processors and retailers — does not enhance the cooperative spirit that everyone is working to build, especially in light of the fact that dairy plant fee increases have been eliminated.

Please consider the selective nature of the proposed increases, and have them either apply to all of WDATCP's fee structure, or eliminate the increase altogether.

Thank you for your consideration.

Very truly yours,



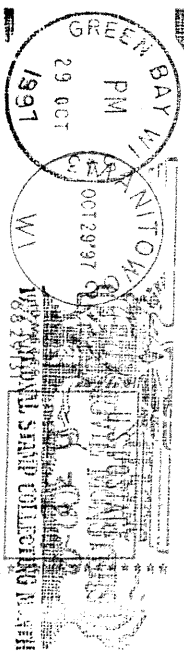
Daniel C. Cavanaugh
Sr. Vice President - Operations

DCC/njr

LAKESIDE FOODS

LAKESIDE FOODS, INC.
508 Jay Street, P.O. Box 1327, Manitowoc, WI 54221-1327

REPRESENTATIVE AL OTT
STATE CAPITOL
P O BOX 8953
MADISON WI 53708-8953



53708-8953





October 16, 1997

Representative Al Ott
Room 318 North
State Capitol
Madison, WI 53702

Dear Al:

The Midwest Food Processors Association (MWFPFA) hereby requests a public hearing on Clearinghouse Rule 97-38 (relating to food & dairy license fees) before the Assembly Agriculture Committee. This Rule, promulgated by WDATCP, increases Food Processing license fees by 94%.

MWFPFA, the association of vegetable canners & freezers, strongly opposes these fee increases. Despite our previous appearances at WDATCP Board Meetings and testimony at hearings and other meetings in opposition to this issue, the Food Division still insists upon a disproportionate boost in license fees for vegetable canners and freezers compared to dairy fees.

This is particularly infuriating, since **dairy producer license fee increases were eliminated and ALL the dairy plant fee increases were eliminated** with the exception of an increase in Grade A milk procurement fees, from the Department's original proposal.

Therefore, food processors and food retailers are being forced, against their wishes and contrary to all previous testimony and communication with the department, to pay a substantial increase, while other sectors of the food industry in Wisconsin have obtained relief.

The members of MWFPFA have always been leaders in food safety in Wisconsin and they have been supportive of the department's food safety efforts in the past. MWFPFA has provided training seminars for the Department's food safety inspectors on HACCP (Hazard Analysis Critical Control Point) Food Safety Systems and food plant inspections. This valuable training saves the Department time and money, yet they still see fit to increase only food license fees.

MWFPFA cannot support the fee increases proposed by WDATCP's rule and we respectfully request a hearing on the matter. Thank-you for your consideration of our request.

Sincerely,

Paul J. Julius
Executive Director

cc: Assembly Agriculture Committee
MWFPFA Board of Directors



2601 CROSSROADS DRIVE • SUITE 185 • MADISON, WISCONSIN 53704-7923 • (608) 244-7150

October 16, 1997

Representative Al Ott
Chair, Committee on Agriculture
P.O. Box 8953
Madison, WI 53708-8953

Dear Representative Ott:

I would like to formally request that the Assembly Committee on Agriculture holds a public hearing on Clearinghouse Rule 97-038 relating to retail food establishment and dairy license fees.

As I mentioned, it would be beneficial to the Wisconsin Grocers Association, and other groups interested in this issue, if the committee could hold the hearing on November 13th as opposed to October 30th. Having two additional weeks to prepare for the hearing will allow us to invite a few of our members to testify and relay their concerns to the proposed fee increases.

Once again, thank you for your willingness to listen to our concerns and for allowing a forum that enables all groups involved to reach an agreeable solution.

Sincerely,

Michelle Kussow
Manager of Government Affairs



**STATE OF WISCONSIN
OFFICE OF STATE REPRESENTATIVE BARBARA GRONEMUS**

P.O. BOX 8952
STATE CAPITOL
MADISON, WISCONSIN 53708-8952
608-266-7015
TOLL-FREE HOTLINE: 800-362-9472
FAX: 608-266-7038

DISTRICT ADDRESS:
1634 WEST STREET, P.O. Box 676
WHITEHALL, WISCONSIN 54773-0676
715-538-4130

October 17, 1997

Representative Alvin Ott
Chairman - Assembly Committee on Agriculture
Room 318 North, State Capitol
Madison, WI 53708

Mr. Chairman and Dear Al:

Once again my regrets that I was unable to be in attendance for yesterday's committee briefing on CR 97-038, public hearing and executive session. As you were told, I was ill and unable to make the trip to Madison.

I am writing specifically in regard to CR 97-038. While I certainly realize the situation facing the DATCP Food Safety Division, for, as Chairman, I had to deal with it in 1987 and 1991. I feel strongly that an item by item and fee by fee review is in order by the Assembly Committee on Agriculture. In addition, I feel the affected constituencies of the proposed fee increases should have an opportunity to address the proposal before the committee. Therefore, as the Ranking Minority Member of the Assembly Committee on Agriculture, I request that a public hearing and executive action by the committee, as I have mentioned, be held on CR 97-038. I understand that you have October 30th in mind if a public hearing were to be held, and I have reserved this date on my schedule for such business of the committee.

Thank you for your consideration of this request, and I look forward to hearing from you on it.

Sincerely,

BARBARA GRONMUS
State Representative
91st Assembly District
Ranking Minority Member - Assembly Committee
on Agriculture

BG\wrc
c: Committee Members

Hubbard, Gregory

From: Ott, Alvin
Sent: Thursday, October 16, 1997 1:49 PM
To: Rep.Ott
Subject: FW: Clearinghouse Rule 97-038

From: Ward, Dave
Sent: Thursday, October 16, 1997 1:49:15 PM
To: Ott, Alvin
Subject: Clearinghouse Rule 97-038
Auto forwarded by a Rule

Representative Ott,

I would like to request that you hold a hearing on Clearinghouse Rule 97-038. After hearing testimony from the Department, I believe that there were enough questions raised to warrant a public hearing to hear from interested parties on both sides of the issue.

Thanks in advance for your attention to this request.

Sincerely,

Dave Ward
State Representative
37th Assembly District

Fee Increases Proposed July 22

- *Variety of food establishment fees*
 - » *Wholesale Food Processors*
 - » *Food Warehouses*
 - » *Retail Food Establishments*
- *Variety of dairy plant fees*
- *Dairy producer fee*
- *Grade A milk procurement fee*

Current Fee Proposal

- ◆ Variety of food establishment fees
(same as July 22 proposal)
- ◆ Grade A milk procurement fee
(same as July 22 proposal)

Fiscal Impact

- ◆ Needed \$900,000 increase
- ◆ Proposal generates \$600,000
 - \$240,000 from food businesses
 - \$360,000 from dairy businesses

Operational Impact

- ◆ Manageable for current biennium but...
 - Current proposal a short term fix
 - Significant shortfalls if no long term fix by FY2000

Revenue & Expenditure Projections

Assumes Fee Increases Effective March 1, 1998

	FY98	FY99	FY00	FY01
Beginning Balance	\$356,000	\$182,000	\$44,000	\$ (144,000)
Revenues	\$3,215,000	\$3,352,000	\$3,370,000	\$3,277,000
Expenses	\$3,389,000	\$3,490,000	\$3,558,000	\$3,730,000
Ending Balance	\$182,000	(\$44,000)	\$ (144,000)	\$ (597,000)

*401,000
400,000
14 people*

Efficiency Study

- ◆ Efficiency defined as:
 - Cutting costs while maintaining services by cutting unneeded overhead
 - Cutting costs by cutting services
 - Holding costs steady but improving the quality of delivered service
 - Holding costs steady but delivering service in a way that lowers customer cost

Efficiency Study (just a beginning)

- ◆ Not a time and motion study
- ◆ Identified costs associated with programs and policies
- ◆ Grouped issues:
 - Issues within our control that we will pursue
 - Issues requiring support or approval from *regulated businesses*, other *state agencies*, or the *legislature*
 - Issues requiring support or approval from *regulated businesses* and action at a *national* level

Issues Within Our Control

- ◆ Improve inspector specialization *60 inspectors*
- ◆ Improve inspector reporting systems
- ◆ Adopt an electronic paperwork system
- ◆ Increase the number of City/County retail *15 contractors* agents
- ◆ Reorganize of the Division of Food Safety

Issues Needing Industry Support and State Action

- ◆ Eliminate duplicative retail food store inspections
- ◆ Provide performance incentives for dairy producers
- ◆ Eliminate routine Grade B farm inspections ↙
- ◆ Reassess the value of the dairy grading program
- ◆ Require electronic transmission of dairy producer data

Issues Needing Industry Support and National Action

- ◆ Reduce or eliminate routine Grade A farm inspections

Aggravation

Food Safety Task Force: Goals

- ◆ Focus resources on services with a public health/food safety link
- ◆ Streamline or eliminate nonessential services
- ◆ Provide stable long term funding for essential or valued services
- ◆ Assure efficient delivery of services

Food Safety Task Force: Time Table

Task Force on
Food Safety
5/8

- ◆ First meeting in October 1997
- ◆ Complete work by May 1998

Food Safety Task Force:

Outputs

- ◆ Identify and define essential food safety services
- ◆ Recommend ways to streamline or eliminate nonessential services
- ◆ Identify emerging food safety service needs
- ◆ Recommend ways to gain further efficiency in delivery of current services
- ◆ Recommend ways to provide adequate, long term funding for essential or highly valued services

WISC GROCERS ASSN

Fax:608-244-9030

Oct 8 '97 11:15

P.01

JUST THE FAX.....FROM:

WISCONSIN GROCERS ASSOCIATION

2601 Crossroads Drive, Suite 185
Madison, WI 53718-7923
(608) 244-7150 / (608) 244-9030 fax

DATE: 10/8/97 TIME: 11:15 TOTAL PAGES: 3

PLEASE DELIVER TO:

Name: GREG

Company: OT'S OFC

Fax number: 282-3603

Message: THANKS GREG. SORRY I HAD
TO CUT YOU OFF, I WAS
SUMMONED. TALK TO YOU LATER.

FROM:

- Marcia Anderson
- Deb Carver
- Michelle Kussow
- Kendi Neff-Parvin
- Brandon Scholz
- Kathy Wright
- _____

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Ron Lusic
 Operating Group President
 Fleming Companies
 Milwaukee Division

Vice Chairman
Lloyd Coppersmith
 President
 Ron & Lloyd's, Inc.
 New London

Secretary/Treasurer
Tim Wade
 Senior Vice President
 Sales & Marketing
 Kohl's Food Stores
 Milwaukee

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 Roundy's Inc.
 Milwaukee

Mike Carey
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James Dickelman
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Dennis Kramer
 Owner
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Rick Lambrecht
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 Great Lakes Division
 Pleasant Prairie

Tom Metcalfe
 President
 Metcalfe, Inc./Sentry Foods
 Madison

Gail Omernick
 Vice President - Customer Care
 The Copps Corporation
 Stevens Point

Richard Schmitz
 President
 County Market
 Hudson

Trygve A. Solberg
 President
 Trig's Food & Drug
 Minocqua



**WISCONSIN
 GROCERS
 ASSOCIATION
 INC.**

Brandon Scholz
 President

September 5, 1997

The Honorable Joe Tregoning
 Acting Secretary
 Department of Agriculture, Trade and
 Consumer Protection
 P.O. Box 8911
 Madison, Wisconsin 53708

Dear Secretary Tregoning:

On behalf of the Board of Directors and the 1,500 members of the Wisconsin Grocers Association, I'd like to take this opportunity to submit our final thoughts and comments relative to the DATCP's proposed fee increases for our retail and warehouse operations.

The WGA continues to oppose the fee increases that DATCP proposed in February. From our discussions, it does not appear that DATCP received favorable responses from any entity including the public hearings.

While we recognize the constraints placed upon the department by the legislature, we are distressed by the sense that these fee increases "do not affect the bottom line." Furthermore, we are very concerned that the fee increases are only a short-term, two-year fix and that we can expect additional increases in the future. Continual fee increases are not the answer especially when there is no increased level of service.

We are also concerned about the process DATCP has used to roll these fees out to the retail and warehouse community. We were not involved in the initial discussions other than an offer to submit comments. In our last meeting, we were asked our position, but nothing was tendered in an attempt to negotiate some of the fees or work to get our support for these changes. As I understand it, this was not the case on the dairy side.

September 5, 1997

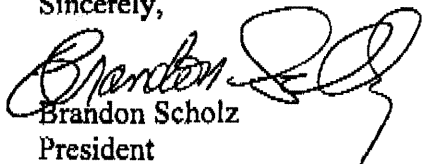
Page Two

The WGA does appreciate the opportunity to work with DATCP in the coming months to streamline the process and receive timely input from the retail and warehouse industry. We would expect however, that we would do more than plan meetings. We expect that DATCP will work with us to lower fees or at least significantly reduce the increases.

Finally, I would hope that you and the DATCP board would consider broadening the scope of the board by using the open board positions to include an independent grocer and a representative from one of the major distribution warehouses in the state.

Thank you again for allowing us to submit these final comments.

Sincerely,


Brandon Scholz
President

cc: WGA Board of Directors



State of Wisconsin
Tommy G. Thompson, Governor

Department of Agriculture, Trade and Consumer Protection

2811 Agriculture Drive
Madison, Wisconsin 53704-6777

PO Box 8911
Madison, WI 53708-8911

Date: September 16, 1997

To: The Honorable Fred Risser
President, Wisconsin State Senate
Rm. 102
119 Martin Luther King Jr. Blvd.
Madison, WI 53707-7882

*File w/
Rule
for hearing
APR*

The Honorable Ben Brancel
Speaker, Wisconsin State Assembly
Rm. 211W, State Capitol
PO Box 8953
Madison, WI 53708-8952

From: Joseph E. Tregoning, Acting Secretary
Department of Agriculture, Trade and Consumer Protection

Subject: **Proposed Rules Relating to Food and Dairy License Fees
(Clearinghouse Rule #97-038)**

In accordance with § 227.19(2) and (3), Stats., the Department of Agriculture, Trade and Consumer Protection hereby transmits the above rules for legislative committee review. We are enclosing 3 copies of the final draft rules, together with the following report. In accordance with § 227.19(2), Stats., the department will publish a notice of this referral in the Wisconsin Administrative Register.

SUMMARY: EXPLANATION OF NEED FOR RULES

The rules increase license fees to remedy a projected deficit in the department's food safety budget. The rules will modify current license fees for dairy plants, food processing plants, food warehouses and retail food establishments.

Background

Wisconsin's food safety programs are designed to safeguard public health, and ensure a safe and wholesome food supply. They also facilitate the sale of Wisconsin dairy and food products in interstate and international markets.

Wisconsin's food safety programs are funded by a combination of general tax dollars (GPR) and program revenue from industry license fees (PR). In 1991, license fees funded about 40% of program costs. The 1995-97 biennial budget act reduced GPR funding, and raised the percentage of PR funding to 50%. Program costs have also increased due to external factors, such as inflation and statewide pay increases. As a result, the department projects a deficit in its food safety budget in FY 1997-98.

The department has not raised fees since 1991. The 1991-93 biennial budget act created the current structure for food and dairy license fees. It also set the fees at the current level and authorized the department to adjust license fees by rule.

The department continues to explore ways to be more effective and efficient. The Division of Food Safety will have 2.75 fewer staff in the 1997-99 biennium than in 1993-94. Grade A dairy farms are scheduled for inspection based on their milk quality and inspection performance. A 1990 report by the Special Advisory Committee on Food Safety identified critical resource deficiencies in several areas. As the number of dairy farms decreases, the department is directing resources toward critical food safety needs in food and dairy processing establishments.

The department also seeks to develop operating partnerships with other agencies. Through such arrangements, there is a mutual sharing of expertise and resources, and duplication is minimized. Some examples include the following:

- The number of local governmental agencies contracting to license and inspect retail food establishments increased from 11 to 15 since 1993.
- The department entered into a pilot project with the U. S. Department of Agriculture to share routine inspection responsibility for dairy plants in the USDA grading program.
- The department has entered into several partnerships with the U.S. Food and Drug Administration in areas such as inspection of processors of ready-to-eat delicatessen foods, maple syrup, acidified foods and smoked fish.
- The department is working with the Wisconsin Department of Health and Family Services to minimize unnecessary duplication in the licensing and inspection of retail food businesses that operate both as grocery stores and restaurants.

RULE MODIFICATIONS AFTER PUBLIC HEARINGS

The final draft rules incorporate the following significant changes from the hearing draft:

1. Under the hearing draft, dairy producer license fees would have increased. The final draft rule eliminates those fee increases.

2. Under the hearing draft, a variety of dairy plant license fees would have increased. The final draft rule eliminates all of those fee increases except the increase in grade A milk procurement fees. The final draft rule, like the hearing draft, increases the grade A milk procurement fee from 0.4 cents per hundredweight to 0.6 cents per hundredweight.
3. Under the hearing draft, retail food establishments and food warehouses currently licensed by the department would have been required to pay increased license fees for the remainder of the current license year ending June 30, 1998. Under the final draft, license fee increases will apply to licenses issued or renewed on or after the effective date of the rule.
4. Currently, 15 county and municipal health departments license and inspect retail food establishments as agents of the department. These local agents set their own license fees, but reimburse the department for support services at 20% of the department's license fee. An increase in the department's license fee automatically increases the reimbursement amount. Under the hearing draft, retail agents would have been required to pay the higher amount in 1998. Under the final draft, they will not have to pay the higher amount until 1999.

RESPONSE TO RULES CLEARINGHOUSE COMMENTS

The Legislative Council Rules Clearinghouse made two minor comments on drafting style in the hearing draft rule (see Clearinghouse Report attached). The department modified the final draft rule to address both of the Rules Clearinghouse comments.

FISCAL ESTIMATE

A fiscal estimate on the proposed rules is attached. The cost to local governments will increase by \$16,191. Local governments can pass this cost increase on to retail food businesses.

FINAL REGULATORY FLEXIBILITY ANALYSIS

A final regulatory flexibility analysis is attached. Increasing license fees as proposed in this rule will affect small businesses. License fees for all categories of dairy plants, food processing plants, food warehouses and retail food establishments will increase. Small businesses exist in each category of food and dairy establishment.

HEARING TESTIMONY

- The department held four public hearings on the proposed rules: April 18, 1997, in Milwaukee; April 22, 1997, in Appleton; April 23, 1997, in Eau Claire; and April 28, 1997, in Madison. Fifteen persons appeared at the hearings. The department received additional written comments from 10 persons and organizations.

Testified in Opposition to the Hearing Draft Rules

- Roman Hintz, representing Delmonte Foods and Midwest Food Processors, testified that plants have low profit margins and stiff competition, and that increases could drive plants out of state. He suggested that the department aggressively implement more efficient operating methods.
- Glen Dedow, representing Lone Elm Sales, Inc., testified that state government is creating an unfavorable business environment. He suggested that the department downsize and become more efficient.
- Dave Simon, representing Pleasant View Cheese Factory, Inc., testified that the world market requires cutting costs, that industry is over-regulated, that the cost of regulation is high, that the new large grade B plant category may not be legal or fair, and that more fee categories are needed. He suggested that the department regulate less, have farmers pay their own fees, and have department employees: spend less time per inspection, work longer, get paid less, less vacation, less sick days, and fewer holidays.
- Timothy Mirkes, representing Appleton Health Department, testified that the timing of the increase may require agents to reimburse the state at a higher rate before the higher fees from retail establishments have been collected. He suggested that the department not bill county and city agents for the higher fees until they have time to implement the fee increases.
- Mark Lamers, representing Lamers Dairy, Inc., testified that intense competition requires that businesses cut costs and that the fee increases are excessive. He suggested that the department make the dairy and food program more cost effective.
- Ken Heiman, representing Nasonville Dairy, testified that there is a decline in the number of dairy farms and plants, that Wisconsin dairy needs to compete with western states, and that he is opposed to the supplemental fee for dairy plant receiving stations. He suggested that the department be more efficient, get more general tax dollars, and get more money from the grocery stores.
- Darryl Farmer, representing Eau Claire Health Department, testified in opposition to the rules. He suggested that the department reduce the reimbursement rate from 20 percent to 10 percent for city and county agents.
- Sid Cook, representing Carr Valley Cheese, Pride Cheese, and Great Northern Cold Storage, testified that over-regulation has resulted in a decline in the number of dairy plants and does not contribute to a positive business environment. He suggested that the department get more competitive, learn to be more efficient, get rid of unneeded paperwork and positions, renegotiate leases on buildings, and have its employees type their own letters and miss a raise in pay.

- Cameron Peckham, semi-retired, testified that regulation and costs have contributed to a decline in the number of farms and dairy plants. He suggested that the department get rid of bloated bureaucracy.
- Tom Torkelson, representing Springdale Cheese, testified that this is a difficult time for dairy plants and farms.
- Brad Legreid, representing Wisconsin Dairy Products Association, testified that he supported the 50/50 split in GPR/PR funding of the food and dairy inspection program. He opposed the disproportionate increase for large dairy plants and that there is no increase in the grade B procurement fee. He suggested that the department make the fee increases equal proportionately among payers.
- Paul Julius, representing Midwest Food Processors Association, testified that Wisconsin's fees are higher than most states, and that he opposed the size of the increase in fees for his members. He suggested that the department aggressively seek every possible operating efficiency.
- John Umhoefer, representing Wisconsin Cheese Makers Association, testified that plants cannot afford to compete against lower cost competitors in other states, especially the west coast states. He is opposed to the large grade B plant category which may not be legal and may be a bad precedent. He suggested that the department seek to avoid fee increases through internal cost reductions and have farmers pay for any inspection over two per year.
- Robert Bartlett, representing Wisconsin Association of Convenience Stores, testified in opposition to the rules.
- Tommye Schneider, representing Madison Department of Public Health, testified in opposition to the rules. She suggested that the department lower the reimbursement rate paid to the state by city and county agents.

Written Comments in Opposition to the Hearing Draft Rules

- Steve Coy, representing Fleming Companies, Inc., commented that the fees for convenience stores seem unfair when compared to large retailers. He suggested that the large establishments should be charged more and the smaller establishments charged less.
- Timothy Grygiel, representing New Harvest Foods, Inc., commented that the fee increase for canning plants was unjustifiable. He suggested the department downsize and do more with less.
- W.P. Springer, representing Uni-Mart Convenience Stores, commented that the fee increases will cause economic hardship to store owners and that inspections were of limited benefit. He

suggested the department not inspect convenience stores because there was little danger of public harm.

- Senaca Foods Corporation commented that the fee increases were too high. They suggested the department should reduce costs through staff cuts and more efficient methods.
- Roger Krohn, Jean Doell, and Karl Krohn representing Krohn Dairy Products commented that the dairy industry is already moving out of Wisconsin. They suggested the department should have farmers pay for their own licenses and inspection fees.
- Bruce Albrecht, representing Gad Cheese, Inc., commented that times were difficult for the dairy industry due to low dairy prices and that Wisconsin companies have a disadvantage due to fees and mismanagement. He suggested the department close the Altoona and Green Bay offices.
- John Manske, representing the Wisconsin Federation of Cooperatives, commented that he supported strong food and dairy safety programs, however he challenged the new large grade B dairy plant category and the no increase in the grade B procurement fee. He noted that fees are greater in Wisconsin than in other states. He suggested the department conduct a cost efficiency study to reduce regulatory costs.
- Don Morgan, representing Sunset Oil Co., Inc., commented that small business is paying a disproportionate share of the costs of the food and dairy inspection program. He suggested the department create a separate convenience store license category.
- Donald and William Mullins, representing Mullins Cheese, Inc., commented that the fee increase adds a financial burden to farmers and plants. They suggested the department do things more efficiently and economically.
- Lindquist, Brey, Fisher, Krause, Statz, and Nispel, representing NFO Dairy Department, commented that there is a decreasing number of farmers and farm inspections and that the timing of the increase is bad. They suggested the department reduce the number of inspection staff and not submit the fee package until the cost efficiency study is done.

The written and oral comments made by representatives of the dairy industry were addressed, in part, by the elimination of the dairy producer fee increase and the elimination of all dairy plant fee increases except for the increase in the grade A procurement fee which was retained. The department has not reduced the increase in fees for food industry establishments. In the final draft rule fees paid by the dairy and food industries will produce revenues in proportion to the costs of the inspection services each industry receives.

Proposed Final Draft
August 25, 1997

PROPOSED ORDER OF THE STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION
ADOPTING, AMENDING OR REPEALING RULES

The state of Wisconsin department of agriculture, trade and consumer protection proposes the following order to amend ATCP 70.03(1) and (2), 71.02(3) and (5)(b), 74.08(1), 75.015(2), and 80.04(2)(b)1.; and to create ATCP 70.03(2m), (2n) and (2r), and 75.015(2m) and (2n), relating to food and dairy license fees.

Analysis Prepared by the Department of
Agriculture, Trade and Consumer Protection

Statutory authority: ss 93.07(1), 97.20(4), 97.22(8),
97.27(5), 97.29(5) and 97.30(5), Stats.

Statutes interpreted: ss. 97.20(2c)(b), (2g)(b), and (2n)(b);
97.22(2)(b) and (4)(am); 97.27(3m),
97.29(3)(am) and (3)(cm); and 97.30(3m),
Stats.

The department of agriculture, trade and consumer protection enforces Wisconsin's food safety laws. Among other things, the department licenses and inspects food processing plants, retail food establishments, food warehouses, dairy plants and dairy farms. These programs are designed to safeguard public health, and ensure a safe and wholesome food supply. They also facilitate the sale of Wisconsin dairy and food products in interstate and international markets.

Wisconsin's food safety programs are funded by general tax dollars (GPR) and program revenue from industry license fees (PR). In 1991, license fees funded about 40% of program costs. The 1995-97 biennial budget act reduced GPR funding, and raised the percentage of PR funding to 50%. Program costs have also increased due to external factors, such as inflation and statewide pay increases. As a result, the department projects a deficit in its food safety budget in FY 1997-98.

In order to maintain current food safety inspection services, the department is proposing to increase certain food and dairy license fees. The department has not increased license fees since 1991. This rule increases license fees and reinspection fees for food processing plants, retail food establishments and food warehouses. It also increases the grade A milk procurement

fee for dairy plants.

Milk Procurement Fees

Currently, dairy plants pay a monthly milk procurement fee which is intended to fund a portion of the dairy farm inspection program. This rule increases the grade A milk procurement fee from 0.4 cents per hundredweight of grade A milk received from producers to 0.6 cents per hundredweight. The milk procurement fee for grade B milk is not changed by this rule and remains at the current rate of 0.2 cents per hundredweight.

Food Processing Plant License Fees

This rule will increase annual food processing plant license fees as follows:

- The current annual \$120 fee for a food processing plant that has an annual production of at least \$25,000 but less than \$250,000, and is engaged in processing potentially hazardous food or in canning will increase to \$250.
- The current annual \$270 fee for a food processing plant that has an annual production of at least \$250,000, and is engaged in processing potentially hazardous food or in canning, will increase to \$525.
- The current annual \$50 fee for a food processing plant that has an annual production of at least \$25,000 but less than \$250,000, and is not engaged in processing potentially hazardous food or in canning, will increase to \$100.
- The current annual \$110 fee for a food processing plant with an annual production of at least \$250,000 that is not engaged in processing potentially hazardous food or in canning will increase to \$325.
- The current annual \$40 fee for a food processing plant that has an annual production of less than \$25,000 will increase to \$60.
- The current annual \$195 surcharge for food processing plants engaged in canning operations will increase to \$200.

Food Processing Plant Reinspection Fees

This rule will increase food processing plant reinspection fees as follows:

- The current \$80 reinspection fee for a food processing plant that has an annual production of at least \$25,000 but less than \$250,000, and is engaged in processing potentially

hazardous food or in canning, will increase to \$170.

- The current \$180 reinspection fee for a food processing plant that has an annual production of at least \$250,000, and is engaged in processing potentially hazardous food or in canning, will increase to \$350.
- The current \$50 reinspection fee for a food processing plant that has an annual production of at least \$25,000 but less than \$250,000, and is not engaged in processing potentially hazardous food or in canning, will increase to \$100.
- The current \$110 reinspection fee for a food processing plant with an annual production of at least \$250,000 that is not engaged in processing potentially hazardous food or in canning will increase to \$325.

Retail Food Establishment License Fees

This rule will increase annual retail food establishment license fees as follows:

- The current annual \$90 fee for a retail food establishment that has annual food sales of at least \$25,000 but less than \$1,000,000, and processes potentially hazardous food, will increase to \$175.
- The current annual \$210 fee for a retail food establishment that has annual food sales of at least \$1,000,000, and processes potentially hazardous food, will increase to \$450.
- The current annual \$80 fee for a retail food establishment that has annual food sales of at least \$25,000 and is engaged in food processing, but does not process potentially hazardous food, will increase to \$125.
- The current annual \$40 fee for a retail food establishment that has annual food sales of less than \$25,000, and is engaged in food processing, will increase to \$60.
- The current annual \$20 fee for a retail food establishment not engaged in food processing will increase to \$30.

Under current law, agent cities and counties that license retail food establishments on behalf of the department may establish license fees that are different from state license fees. Under s. 97.41(5), Stats., an agent city or county must pay 20% of the state license fee amount to the department. This rule incorporates the 20% payment requirement without change. However, the amount of the payment will be higher, because it will be calculated on a higher state license fee amount. Agent cities and counties may therefore wish to amend local ordinances

which set retail food license fees. The increased fee payment requirement is delayed until fiscal year 1999-2000 to give agent cities and counties time to amend their ordinances.

Retail Food Establishment Reinspection Fees

This rule will increase retail food establishment reinspection fees as follows:

- The current \$60 reinspection fee for a retail food establishment that has annual food sales of at least \$25,000 but less than \$1,000,000, and processes potentially hazardous food, will increase to \$125.
- The current \$140 reinspection fee for a retail food establishment that has annual food sales of at least \$1,000,000, and processes potentially hazardous food, will increase to \$300.
- The current \$80 reinspection fee for a retail food establishment that has annual food sales of at least \$25,000 and is engaged in food processing but does not process potentially hazardous food, will increase to \$125.
- The current \$40 reinspection fee for a retail food establishment that has annual food sales of less than \$25,000, and is engaged in food processing, will increase to \$60.
- The current \$50 reinspection fee for a retail food establishment not engaged in food processing will increase to \$60.

Food Warehouse License Fees

This rule will increase annual food warehouse license fees as follows:

- The current \$50 license fee for a food warehouse that stores potentially hazardous food and that has fewer than 50,000 square feet of storage area will increase to \$75.
- The current \$100 license fee for a food warehouse that stores potentially hazardous food and has at least 50,000 square feet of storage area will increase to \$200.
- The current \$25 license fee for a food warehouse that does not store potentially hazardous food and has fewer than 50,000 square feet of storage area will increase to \$50.
- The current \$50 license fee for a food warehouse that does not store potentially hazardous food and has at least 50,000

square feet of storage area will increase to \$100.

Food Warehouse Reinspection Fees

This rule will increase food warehouse reinspection fees as follows.

- The current \$50 reinspection fee for a food warehouse that stores potentially hazardous food and has fewer than 50,000 square feet of storage area will increase to \$75.
- The current \$100 reinspection fee for a food warehouse that stores potentially hazardous food and has at least 50,000 square feet of storage area will increase to \$200.
- The current \$50 reinspection fee for a food warehouse that does not store potentially hazardous food and has fewer than 50,000 square feet of storage area will increase to \$100.
- The current \$100 reinspection fee for a food warehouse that does not store potentially hazardous food and has at least 50,000 square feet of storage area will increase to \$200.

SECTION 1. ATCP 70.03(1) and (2) are amended to read:

ATCP 70.03(1) LICENSE REQUIRED. Except as provided under sub. (7), no person may operate a food processing plant without a valid license issued by the department for that food processing plant under s. 97.29, Stats. A food processing plant license expires on March 31 annually. A license is not transferable between persons or food processing plants.

(2) LICENSE APPLICATION. Application for an annual food processing plant license shall be made on a form provided by the department. The application shall be accompanied by the fees required under ~~s. 97.29 (3), Stats.~~ sub. (2m) and (2n), and by the sworn statement required under s. 100.03 (2), Stats.

SECTION 2. ATCP 70.03 (2m), (2n) and (2r) are created to read:

ATCP 70.03(2m) ANNUAL LICENSE FEE. An applicant for a food processing plant license shall pay an annual license fee as follows:

(a) For a food processing plant that has an annual production of at least \$25,000 but less than \$250,000, and is engaged in processing potentially hazardous food or in canning, an annual license fee of \$250.

(b) For a food processing plant that has an annual production of at least \$250,000 and is engaged in processing potentially hazardous food or in canning, an annual license fee of \$525.

(c) For a food processing plant that has an annual production of at least \$25,000 but less than \$250,000, and is not engaged in processing potentially hazardous food or in canning, an annual license fee of \$100.

(d) For a food processing plant that has an annual production of at least \$250,000, and is not engaged in processing potentially hazardous food or in canning, an annual license fee of \$325.

(e) For a food processing plant that has an annual production of less than \$25,000, an annual license fee of \$60.

(2n) CANNING OPERATIONS; LICENSE FEE SURCHARGE. If a food processing plant is engaged in canning operations, the operator shall pay an annual license fee surcharge of \$200, which shall be added to the license fee under sub. (2m).

(2r) REINSPECTION FEE. (a) If the department reinspects a

food processing plant because the department has found a violation of ch. 97, Stats., or this chapter on a regularly scheduled inspection, the department shall charge the food processing plant operator the reinspection fee specified under par. (b). A reinspection fee is payable when the reinspection is completed, and is due upon written demand from the department. The department may issue a demand for payment when it issues a license renewal application form to a food warehouse operator.

(b) The reinspection fee required under par. (a) is as follows:

1. For a food processing plant that has an annual production of less than \$250,000, and is engaged in processing potentially hazardous food or in canning, the reinspection fee is \$170.

2. For a food processing plant that has an annual production of at least \$250,000, and is engaged in processing potentially hazardous food or in canning, the reinspection fee is \$350.

3. For a food processing plant that has an annual production of less than \$250,000, and is not engaged in processing potentially hazardous food or in canning, the reinspection fee is \$100.

4. For a food processing plant that has an annual production of \$250,000 or more, and is not engaged in processing potentially hazardous food or in canning, the reinspection fee is \$325.

SECTION 3. ATCP 71.02(3) and (5) (b) are amended to read:

ATCP 71.02(3) ANNUAL LICENSE FEE. An applicant for a food warehouse license shall pay an annual license fee as follows:

(a) For a food warehouse that stores potentially hazardous food, and ~~that~~ has fewer than 50,000 square feet of storage area, ~~\$50~~ \$75.

(b) For a food warehouse that stores potentially hazardous food, and ~~that~~ has at least 50,000 ~~or more~~ square feet of storage area, ~~\$100~~ 200.

(c) For a food warehouse that does not store potentially hazardous food, and ~~that~~ has fewer than 50,000 square feet of storage area, ~~\$25~~ 50.

(d) For a food warehouse that does not store potentially hazardous food, and ~~that~~ has at least 50,000 ~~or more~~ square feet of storage area, ~~\$50~~ 100.

(5) (b) The reinspection fee required under par. (a) is as follows:

1. For a food warehouse that stores potentially hazardous food, and ~~that~~ has fewer than 50,000 square feet of storage area, ~~\$50~~ 75.

2. For a food warehouse that stores potentially hazardous food, and ~~that~~ has at least 50,000 ~~or more~~ square feet of storage area, ~~\$100~~ 200.

3. For a food warehouse that does not store potentially hazardous food, and ~~that~~ has fewer than 50,000 square feet of storage area, ~~\$50~~ 100.

4. For a food warehouse that does not store potentially hazardous food, and ~~that~~ has at least 50,000 ~~or more~~ square feet of storage area, ~~\$100~~ 200.

SECTION 4. ATCP 74.08(1) is amended to read:

ATCP 74.08(1) The fiscal year under an agency agreement shall begin on July 1 and end on June 30, except as otherwise authorized by the department. Each agent city or county shall pay the department 20% of the license fee charged under s. ATCP 75.015(2m), to reimburse the department for its costs as required under s. 97.41(5), Stats. By September 30 of each year, the agent city or county shall file with the department all reimbursement required under ~~s. 97.41(5), Stats.~~ this subsection for licenses issued during the previous fiscal year.

SECTION 5. ATCP 75.015(2) is amended to read:

ATCP 75.015(2) LICENSE APPLICATION. Application for a retail food establishment license shall be made on a form provided by the department, or by the agent municipality or county, and shall be accompanied by the applicable fees under sub. (2m) or s. 97.30(3) or (4), Stats.

SECTION 6. ATCP 75.015(2m) and (2n) are created to read:

ATCP 75.015(2m) ANNUAL LICENSE FEE. An applicant for a retail food establishment license shall pay an annual license fee as follows:

(a) For a retail food establishment that has annual food sales of at least \$25,000 but less than \$1,000,000, and processes potentially hazardous food, an annual license fee of \$175.

(b) For a retail food establishment that has annual food sales of at least \$1,000,000 and processes potentially hazardous food, an annual license fee of \$450.

(c) For a retail food establishment that has annual food sales of at least \$25,000 and is engaged in food processing, but does not process potentially hazardous food, an annual license fee of \$125.

(d) For a retail food establishment that has annual food sales of less than \$25,000, and is engaged in food processing, but does not process potentially hazardous food, an annual license fee of \$60.

(e) For a retail food establishment that is not engaged in food processing, an annual license fee of \$30.

(2n) REINSPECTION FEE. (a) If the department reinspects a retail food establishment because the department has found a violation of ch. 97, Stats., or this chapter on a regularly scheduled inspection, the department shall charge the retail food establishment operator the reinspection fee specified under par. (b). A reinspection fee is payable when the reinspection is completed, and is due upon written demand from the department. The department may issue a demand for payment when it issues a license renewal application form to the retail food establishment operator.

(b) The reinspection fee required under par. (a) is as follows:

1. For a retail food establishment that has annual food

sales of at least \$25,000 but less than \$1,000,000, and processes potentially hazardous food, the reinspection fee is \$125.

2. For a retail food establishment that has annual food sales of at least \$1,000,000 and processes potentially hazardous food, the reinspection fee is \$300.

3. For a retail food establishment that has annual food sales of at least \$25,000, and is engaged in food processing but does not process potentially hazardous food, the reinspection fee is \$125.

4. For a retail food establishment that has annual food sales of less than \$25,000 and is engaged in food processing, the reinspection fee is \$60.

5. For a retail food establishment that is not engaged in food processing, the reinspection fee is \$60.

SECTION 7. ATCP 80.04(2)(b)1. is amended to read:

ATCP 80.04(2)(b)1. For each 100 pounds of grade A milk received from milk producers, 0.6 cent.

SECTION 8. EFFECTIVE DATE. The rules contained in this order shall take effect on the first day of the month following publication in the Wisconsin administrative register, as provided under s. 227.22(2)(intro.), Stats.

SECTION 12. INITIAL APPLICABILITY. (1) The treatment of section ATCP 70.03(2m) and (2n) first applies to applications for new licenses that are filed on or after the effective date of this section and to renewals of food processing plant licenses which expire on March 31, 1998.

(2) The treatment of sections ATCP 71.02(3) and 75.015(2m) first applies to applications for new licenses that are filed on or after the effective date of these subsections, and to renewals of food warehouse and retail food establishment licenses which expire on June 30, 1998.

(3) The treatment of section ATCP 74.08(1) first applies to reimbursements payable to the department on September 30, 2000, for licenses issued by agent cities or counties during fiscal year 1999-2000.

Dated this _____ day of _____, 19____.

STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE,
TRADE AND CONSUMER PROTECTION

By _____
Joseph E. Tregoning,
Acting Secretary

Final Regulatory Flexibility Analysis

Proposed chs. ATCP 60, 70, 71, 75, 80, Wis. Adm. Code

FOOD AND DAIRY LICENSE FEES

This rule increases existing license fees for dairy plants, food processing plants, food warehouses and retail food establishments. The department has not increased license fees since 1991.

Wisconsin's food safety programs are funded by general tax dollars (GPR) and industry license fees (PR). In 1991, license fees funded about 40% of the food safety program costs. Program costs have increased due to external factors, such as inflation and statewide pay increases, over which the department has no control. In addition, the 1995-97 biennial budget reduced GPR funding, and required a higher percentage (50%) of license fee funding. As a result, the department projects a deficit in its food safety budget in FY 1997-98.

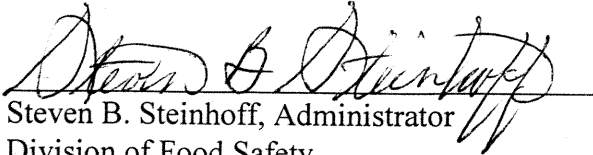
Increasing license fees as proposed in this rule will affect small businesses. License fees for all categories of dairy plants, food processing plants, food warehouses and retail food establishments will increase. Small businesses exist in each category of food and dairy establishment.

The department has attempted to accommodate small businesses and provide a reasonably fair and equitable license fee schedule. This is done by basing fees on the actual costs associated with each category of licensed establishment and then determining further subcategories of establishments based on the size or volume of each establishment and the food products processed or handled by the establishment. Smaller establishments processing and handling food with less potential food safety risks pay lower license fees than large establishments handling foods with higher food safety risks.

This rule requires no additional recordkeeping or other procedures for small businesses. Small businesses will need no additional professional skills or assistance in order to comply with this rule.

Dated this 15th day of September, 1997

STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE,
TRADE AND CONSUMER PROTECTION

by: 
Steven B. Steinhoff, Administrator
Division of Food Safety

FISCAL ESTIMATE

DOA-2048 (R 10/94)

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No. / Adm. Rule No.
ATCP 60,70,71,75 & 80

Amendment No. (If Applicable)

Subject

Food and Dairy License Fees

Fiscal Effect

State: No State Fiscal Effect

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

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

Increase Existing Appropriation Increase Existing Revenues

Decrease Existing Appropriation Decrease Existing

Decrease Costs

Revenues

Create New Appropriation

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 Unit Affected:

Towns Villages Cities

Counties Others _____

School Districts WTCS Districts

Fund Source Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations
20.115(1)(gb)

Assumptions Used in Arriving at Fiscal Estimate

This rule will increase program revenues for the department's food safety programs by \$.9M. The increase in revenues is needed to pay for cost increases since 1991 and increases which are anticipated during the next four fiscal years (FY 98-01). The department has not raised fees since 1991.

The department proposes to increase license and reinspection fees for the following categories of food and dairy businesses: dairy farms, dairy plants, food processing plants, retail food establishments, and food warehouses.

The 1991-93 biennial budget act created the current structure for food and dairy license fees and set the fees at the current level. The 1991 budget legislation also authorized the department to adjust license fees via the rulemaking process.

Wisconsin's food safety programs are funded by general tax dollars (general purpose revenue (GPR)) and industry license fees (PR). In 1991, license fees funded about 40% of program costs. Program costs have increased since 1991 and will continue to do so during the next four years. The 1995-97 biennial budget act reduced GPR funding, and required a higher percentage (50%) of license fee funding. No staff positions have been added since 1991. Cost increases are due to external factors, such as inflation and statewide employee pay and benefit increases. As a result, the department projects a deficit in its food safety budget in FY 1997-98 and subsequent years.

Local Government Impact

The cost to local governments will increase by \$16,191.

As a result of these fee increases, local governments that license and inspect retail food establishments as agents of the department will be required to increase their reimbursement to the department for administrative services. Local governments can and do pass this increase on to retail food businesses. Local governments can set license fees to recover up to 100% of their reasonable operating costs. Currently, agents must reimburse the department for 20% of the license fee the department would charge if the department was delivering inspection-related services. For FY 95-96, agent reimbursement to the department equaled \$37,656. If the proposed fee increases are implemented, the rate of reimbursement will remain at 20%, but the total agent reimbursement to the department will increase to \$53,847.

Long - Range Fiscal Implications

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

Authorized Signature/Telephone No.

Date

DATCP
Peter Pawllsch 224-4702

Barbara Knapp
Barbara Knapp 224-4746

2/26/97

FISCAL ESTIMATE WORKSHEET

1997 SESSION

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm.Rule No.
ATCP 60,70,71,75 &
80

Amendment No.

Subject

Food and Dairy License Fees

I. One-time Cost or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Cost:

Annualized Fiscal Impact on State funds from:

A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringes	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - <small>Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</small>	Increased Costs	Decreased Costs
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS	899,901	-
SEG/SEG-S		-
TOTAL State Revenues	\$ 899,901	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 0	\$ 16,191
NET CHANGE IN REVENUES	\$ 899,901	\$ 16,191

Agency Prepared by: (Name & Phone No.) DATCP Peter Pawlisch 224-4702	Authorized Signature/Telephone No. <i>Barbara Knapp</i> Barbara Knapp (608) 224-4746	Date 2/26/97
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File - ARMY

Docket No. 96-R-18

STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

NOTICE OF SUBMISSION OF PROPOSED RULES TO
PRESIDING OFFICERS OF EACH HOUSE OF THE LEGISLATURE

NOTICE IS HEREBY GIVEN, pursuant to s. 227.19(2), Stats., that the State of Wisconsin Department of Agriculture, Trade and Consumer Protection is submitting a final draft of proposed Clearinghouse Rule Number 97-038 to the presiding officer of each house of the legislature for standing committee review. The proposed rule amends Chapters ATCP 70, 71, 74, 75 and 80, relating to food and dairy license fees.

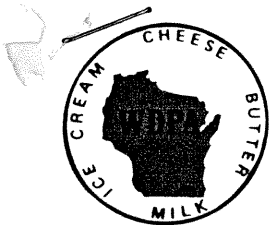
Dated this 17th day of September, 1997.

STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE, TRADE
AND CONSUMER PROTECTION

By

Joseph E. Tregoning

Joseph E. Tregoning, Acting Secretary



Wisconsin Dairy Products Association, Inc.

BAA L

DAIRY LICENSE FEE TESTIMONY

July 22, 1997

WDATCP, Board of Directors

Presented by Brad Legreid, Executive Director

-The Wisconsin Dairy Products Association (WDPA) is presenting testimony today in regards to the Department's proposal to increase dairy license fees.

-No one likes to see fees increased. Due to the highly competitive nature of dairy product sales throughout the United States, even a small increase in fees can have a significant impact on a company's profit margin.

-Wisconsin's dairy plants are no longer competing against other dairies within our state. The dairy industry has become national (and international) in scope. 85% of Wisconsin's dairy products are shipped out of state, meaning that our plants are competing with plants from California, New Mexico, Utah, Idaho, Texas, etc. As we all know, California produces cheese at a lower cost which gives them a competitive advantage over our plants. So therefore, since our dairy industry is already trying to be as cost efficient as possible in order to compete with California and other states, any increase in fee's increases the cost of doing business which in turn shackles our ability to be competitive on the national market.

-With that said, I will state that WDPA is supporting the general concept of increasing these dairy fees in order for DATCP to achieve the 50/50 split between GPR (taxes) and PR (fees) as mandated by the WI Legislature in the last biennial budget.

-However, in earlier testimonies WDPA had opposed the manner in which the fees were being increased. That is because in the hearing draft, DATCP had proposed to increase the supplementary fee for Grade B dairy plants manufacturing more than 10,000,000 pounds of dairy products from \$270 up to \$850. The Dept. had originally stated that this large increase was based on the perception that the bigger plants could afford to pay more than the smaller plants.

-However, to the Department's credit, this category has been eliminated from the final draft rule. In addition, the corresponding plant reinspection fee category, which would have increased fees from \$140 to \$425 has also been eliminated. WDPA fully supports the elimination of these two categories.

-In order to make up for funds from the elimination of these two categories, DATCP has proposed to increase the supplementary license fees paid by Grade B dairy plants manufacturing more than 1,000,000 pounds of dairy products from \$350 to \$500 and the corresponding reinspection fees increase from \$175 to \$250.

-WDPA believes that the elimination of the 10,000,000 pounds category and the smaller increases in the 1,000,000 Grade B category are appropriate and reasonable. Again, no one likes to see fee increases, but since the Dept. is under the mandate to

achieve a 50/50 split in dairy fees, this final draft proposal is more reasonable than previous proposals.

-In addition to opposing the large increase for the Grade B dairy plant license fee, Wisconsin Dairy Products Association has also opposed the no increase in Grade B milk procurement fees. The Dept. is proposing to increase Grade A procurement fees 50% by raising the fees from 0.4 cents to 0.6 cents per hundredweight. However, the Dept. is not proposing to make a similar increase in Grade B procurement fees. We believe that Grade B procurement fees should be increased to 0.3 cents in order to equal a similar increase in Grade A procurement fees. Unfortunately, the final draft rule does not contain this increase.

-The Wisconsin Dairy Products Association is taking our position on dairy fees in order to make all fee increases fair and equitable. There is absolutely no logical rationale for making large dairy plants pay a greater percentage increase in fees than smaller dairy plants.

-WDPA believes that all dairy plants should share equally in paying for food safety programs; therefore, all fee increases should be proportionately equal between dairy plants. Larger plants should not have to shoulder a disproportionate share of the burden for funding food safety programs.

-Therefore, Wisconsin Dairy Products Association is supporting the elimination of the 10,000,000 pounds category and supporting the increase in fees for the 1,000,000 Grade B category.

-WDPA is also proposing that the Grade B procurement fees be increased 50% to 0.3 cents per hundredweight in order to equal a similar increase in Grade A procurement fees.

-WDPA believes that our proposal for increasing dairy fees will ensure fair and equitable fee pricing for all dairy plants. WDPA members fully support the food safety programs of the Dept. of Agriculture, Trade, & Consumer Protection and are willing to pay their proportionate, not disproportionate, share to fund these necessary programs.