



Legislative Fiscal Bureau

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September 5, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 326: Payment of Claim to Alan and Marlene Sieker

Assembly Bill 326 was introduced on April 18, 2001 and referred to the Joint Committee on Finance. AB 326 would direct the state to pay \$12,600 from the Department of Administration's GPR sum sufficient claims awards appropriation for payment of a claim against the state made by Alan and Marlene Sieker to compensate them for a portion of the value of 14 elk that were condemned by the Department of Agriculture, Trade and Consumer Protection in September, 1997.

BACKGROUND

DATCP pays indemnities to qualifying animal owners whose livestock are condemned and destroyed to prevent the spread of tuberculosis, brucellosis, pseudorabies and other diseases to protect public health and the livestock industry. Under current law, state indemnities are provided from a sum sufficient GPR appropriation at two-thirds of the difference between the net salvage value and appraised value of each healthy animal, but may not exceed \$1,500. 1995 Act 450 increased the maximum indemnity payment from \$600 to \$1,500 per livestock animal. While the act was published in July, 1996, it had a delayed effective date of 16 months, thereby increasing the maximum indemnity to \$1,500 as of November 1, 1997.

In September, 1997, 14 elk owned by Alan and Marlene Sieker were destroyed as part of the bovine TB control program after they tested as reactors for tuberculosis. The 14 animals were appraised at a market value of between \$3,400 and \$7,500 each, for a total appraised value of \$71,200. The state provided the Siekers \$8,400 (\$600 each) for the animals, the statutory maximum indemnity at the time. Within two months, the higher indemnities provided in 1995 Act 450 became effective. Alan and Marlene Sieker requested that the Claims Board award them an

additional \$12,600 (\$900 per animal) to provide them the same indemnity payment as they would have received had the animals been slaughtered two months later.

Between November 1, 1997 and April 1, 1998, the Siekers received an additional \$46,500 from the state for 31 slaughtered elk (\$1,500 per animal) and owners of two neighboring herds received \$81,000 for 54 elk (\$1,500 per animal). Thus, both DATCP and the Claims Board recommend the additional payment of \$12,600 to the Siekers based on equitable principles. The state provided \$600 apiece in indemnities to another party for three other elk that were condemned and slaughtered in September, 1997 for tuberculosis. To date, the Claims Board has not received a claim regarding a retroactive payment adjustment for these animals. No other indemnities that would have been affected by 1995 Act 450 were paid between July 1996 and November 1997.

SUMMARY OF BILL

AB 326 would direct the state to pay \$12,600 from the Department of Administration's GPR sum sufficient claims awards appropriation for payment of a claim against the state made by Alan and Marlene Sieker to compensate them for a portion of the value of 14 elk that were condemned by DATCP in September, 1997. The bill specifies that acceptance of the payment would release the state from any further liability resulting from the condemnation.

The bill is identical to 1999 AB 151, which was recommended for passage by the Joint Committee on Finance on March 2, 2000, by a vote of 16 to 0. On March 15, 2000, the bill passed the Assembly on a 98 to 0 vote. The Senate Committee on Economic Development, Housing and Government Operations recommended concurrence by a vote of 5 to 0, but the bill was not taken up by the full Senate prior to adjournment of the legislative session.

FISCAL EFFECT

The bill directs the state to pay \$12,600 from the Department of Administration's GPR sum sufficient claims awards appropriation to Alan and Marlene Sieker. The appropriation is estimated at \$25,000 annually. In 2000-01, \$1,900 was expended from the claims awards appropriation. To date, no funds have been expended from the claims awards appropriation in 2001-02.

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