

HOUSE BILL REPORT

ESB 6376

As Passed House:
February 28, 2006

Title: An act relating to livestock inspection fees.

Brief Description: Changing livestock inspection fee provisions.

Sponsors: By Senators Rasmussen, Honeyford, Jacobsen, Shin, Morton and Delvin.

Brief History:

Committee Activity:

Economic Development, Agriculture & Trade: 2/22/06 [DP].

Floor Activity:

Passed House: 2/28/06, 96-1.

Brief Summary of Engrossed Bill

- Modifies certain livestock inspection fees and provisions administered by the Department of Agriculture.

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, AGRICULTURE & TRADE

Majority Report: Do pass. Signed by 23 members: Representatives Linville, Chair; Pettigrew, Vice Chair; Kristiansen, Ranking Minority Member; Skinner, Assistant Ranking Minority Member; Appleton, Bailey, Blake, Buri, Chase, Clibborn, Dunn, Grant, Haler, Holmquist, Kilmer, Kretz, McCoy, Morrell, Newhouse, Quall, Strow, P. Sullivan and Wallace.

Staff: Meg Van Schoorl (786-7105).

Background:

The Department of Agriculture's (Department) Livestock Identification program maintains the official recordings of over 6,500 livestock brands. To prevent theft, cattle and horses are inspected for permanent identification such as brands and ownership documents at public livestock markets; United States Department of Agriculture (USDA) slaughter plants; licensed, certified feedlots; at change of ownership; and prior to leaving the state. The Department inspects approximately 550,000 cattle and 11,000 horses annually. The program is funded by fees paid by the livestock industry.

Established by the Legislature in 1993, the six-member Livestock Identification Advisory Board provides advice about the livestock identification program to the Director of the

Department (Director). The Board's six members are appointed by the Director and include a beef producer; public livestock market representative; a horse owner; a cattle feeder; a dairy farmer; and a meat processor.

Summary of Bill:

The following changes are made to the current statutory livestock inspection fees:

- The fee for inspecting cattle is increased from 85 cents to \$1.60/head, or the time and mileage fee, whichever is greater.
 - The fee for inspecting cattle with an owner's brand or other identification specified by the Director in rule is increased from 85 cents to \$1.10/head, or the time and mileage fee, whichever is greater. The fee does not apply to inspections of cattle when documenting a change of ownership with a self-inspection certificate.
 - The fee for handling cattle through a licensed feed lot is increased from 17 cents to 25 cents/head.
 - The fee for inspecting cattle at a processing plant with a USDA meat inspection program and 500/head or less daily capacity is \$4/head. The minimum fee of \$5 for issuance of an inspection certificate does not apply to livestock inspected at a cattle processing plant.
 - The "time fee" is increased from \$15 to \$17/hour.
 - Inspection fees are eliminated under certain conditions for a calf leaving the state under an official temporary grazing permit.
 - The maximum number of head of cattle whose change of ownership may be documented through self-inspection certificates is increased from 15 to 25.
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Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on June 1, 2006.

Testimony For: There was angst in the industry initially over the prospect of a fee increase, and consideration was given to adding a sunset provision. Some industry members have concerns about the process through which the proposal was developed; however, industry representatives and the Livestock Identification Program Advisory Committee do now support the bill. This is an industry-funded and driven program with a history of increasing and decreasing fees. The increase in 2003 was meant to keep the system going until results of food security concerns stemming from 9/11 were better known. Fee increases are required because following the terrorist attacks and the BSE incident in 2003, actual cattle movement dropped below projections by 100,000 head, as did brand recordings. The Program Advisory Committee spent about a year reviewing the issue. The program will be "in the red" in May 2006. Most of the Department's fees are on a cost recovery basis of \$30-\$35/hour. The fees in this bill are not pegged to cost recovery, but are at levels the industry thought could work.

This bill ties into HB 3033, and it is important to link together ownership and animal health identification. Instead of amending the bill, we want to have a field meeting involving EDAT Committee members during the interim, a meeting at December Committee Assembly, and possibly in 2007 to discuss program improvement, fee levels, and other issues.

Testimony Against: None.

Persons Testifying: Representative Pettigrew; Jack Field, Washington Cattlemen's Association; Ed Field, Washington Cattle Feeders Association; Pat Boss, Cattle Producers of Washington; Jim Jesernig, AgriBeef; Chris Cheney, Washington State Dairy Federation; and Mary Beth Lang, Washington Department of Agriculture.

Persons Signed In To Testify But Not Testifying: None.