

HOUSE BILL REPORT

HB 2018

As Reported by House Committee On:
Agriculture & Natural Resources

Title: An act relating to livestock inspection.

Brief Description: Concerning livestock inspection.

Sponsors: Representative Blake; by request of Department of Agriculture.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 2/14/17, 2/16/17 [DPS].

Brief Summary of Substitute Bill

- Changes the livestock inspection fee at United States Department of Agriculture-inspected processing plants from \$4 per head to \$6 per head.
- Changes the minimum fee for the issuance of an inspection certificate by the Director of the Washington Department of Agriculture (Director) from \$5 to \$10.
- Changes the time and mileage fee charged in connection with certain livestock inspections, from \$17 per hour and the current mileage rate set by the Office of Financial Management (OFM), to \$27.50 per hour and the current mileage rate set by the OFM.
- Modifies the inspection fee structure for livestock sold at a public livestock market, to either a per-head inspection fee of \$6 per head, or a time and mileage fee of \$27.50 per hour and the current mileage rate set by the OFM.
- Directs the Washington Department of Agriculture to submit a report each year that describes the revenues collected and the expenditures made in connection with the inspection program, and that, if appropriate, makes recommendations for improving the efficiency of the inspection program.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Blake, Chair; Chapman, Vice Chair; Buys, Ranking Minority Member; Fitzgibbon, Lytton, Pettigrew, Robinson, Springer and Stanford.

Minority Report: Do not pass. Signed by 6 members: Representatives Dent, Assistant Ranking Minority Member; Chandler, Kretz, Orcutt, Schmick and J. Walsh.

Staff: Robert Hatfield (786-7117).

Background:

The Washington State Department of Agriculture (WSDA) Animal Health Program is charged with protecting animals and the public from communicable animal diseases. Program officials monitor movement of animals across state lines, set requirements for reporting and controlling diseases, and conduct testing and investigations.

WSDA - Livestock Inspection Program.

The Livestock Inspection Program records brands, licenses feedlots and public livestock markets, and conducts surveillance and inspection of livestock at time of sale and upon out of state movement. 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 program is funded by fees paid by the livestock industry and does not receive general fund dollars.

WSDA - Inspection Fees.

The inspection fee at a USDA-inspected slaughter plant is \$4 per head.

The minimum fee for the issuance of an inspection certificate is \$5. The minimum fee does not apply to livestock consigned to a public livestock market or inspected at a slaughter plant.

The fee for an individual inspection certificate is \$20 per year, or the time and mileage fee, whichever is greater. The time and mileage fee is \$17 per hour and the current mileage rate set by the Office of Financial Management (OFM).

The OFM mileage rate is \$0.535 per mile as of January 1, 2017.

When livestock inspection is required at a public livestock market, the proprietor of the livestock market must collect and remit to the WSDA an inspection fee as provided by law. If the total fees collected for inspection in one day do not exceed \$100, the proprietor must pay \$100 for the inspection services.

WSDA - Livestock Identification Advisory Board.

Established by the Legislature in 1993, the six-member Livestock Identification Advisory Board (Board) provides advice about the livestock identification program to the Director of the WSDA (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 Substitute Bill:

The fee for inspection of cattle at a processing plant with a daily capacity of no more than 500 head of cattle, where the United States Department of Agriculture maintains a meat inspection program, is changed from \$4 to \$6 per head.

The minimum fee for the issuance of an inspection certificate by the Director of the Washington State Department of Agriculture (WSDA) is changed from \$5 to \$10.

The time and mileage fee is changed, from \$17 per hour and the current mileage rate set by the Office of Financial Management (OFM), to \$27.50 per hour and the current mileage rate set by the OFM.

When livestock are sold at a public livestock market, the inspection fee is modified to either a per-head inspection fee of \$6 per head, or a time and mileage fee of \$27.50 per hour and the current mileage rate set by the OFM.

The WSDA must submit a report each year that describes the revenues collected and the expenditures made in connection with the inspection program, and that, if appropriate, makes recommendations for improving the efficiency of the inspection program.

Substitute Bill Compared to Original Bill:

The proposed increase in the hourly fee for the time and mileage fee is changed from \$42 per hour to \$27.50 per hour. The Washington State Department of Agriculture is directed to submit a report each year that describes the revenues collected and the expenditures made in connection with the inspection program, and that, if appropriate, makes recommendations for improving the efficiency of the inspection program.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The Washington State Department of Agriculture (WSDA) brand inspection program employs 19 inspectors and clerks around the state. It is supported by brand registrations, and by license and inspection fees. It does not receive any funding from the State General Fund. The current fees are not enough to cover the inspection program, and revenues are dropping due to changes in the livestock industry. There is projected to be a

\$30,000 loss per month to the inspection program by the end of 2018 if things do not change. This is due to a combination of factors, including a reduction in brand recordings, a relatively flat number of overall inspections, and an increase in the cost of benefits to the WSDA employees. The total encumbered cost when an inspector goes into the field is \$42 per hour. The WSDA worked closely with stakeholders and the livestock advisory board on this bill.

The proposed substitute bill is a bandage. When the Legislature required vehicles for the brand inspection program to come from the state motor pool, it increased costs.

The beef industry is not necessarily in decline; rather, the industry is raising more beef with fewer cows. But the evolution of the beef industry has not changed the basic geography of the state: inspectors still need to cover the distance between cattle, regardless of the number of cattle.

Cattle come and go quite often in some sectors of the cattle industry, and it is important for members of the industry to know they have clear title to the cattle they purchase. The inspection program needs to be strong for disease traceability. Animal disease traceability is a big part of cattle commerce. The brand inspection program is critical to gathering that information. Nobody likes to increase fees on themselves, but the brand inspection program needs to be strong in order to facilitate commerce. You cannot legally trade cattle without a brand inspection.

There are some inefficiencies with the WSDA; the WSDA could probably save \$65,000 per year at one public livestock market with improved efficiencies. The WSDA is an integral part of the cattle industry in Washington; having proven title to cattle is critical. Producers large and small benefit from the inspection program, and there needs to be a way to fund it in the long term.

Cattle producers in the southern portion of the state often move cattle across state lines. There needs to be a certificate that facilitates moving cattle across state lines. It is important to keep inspection services available in a timely and efficient manner.

(Opposed) The cattle industry is in decline. When a rancher's operation is in decline, the rancher has to figure out how to fix it; the rancher cannot just pass fees on to someone else. This bill is a dramatic change from what was originally proposed. It is important that there continue to be the time-and-mileage punch card that can be shared between neighbors. It is important to be able to trade cattle between neighbors. Self-reporting was helpful. There was a move away from self-inspection because of animal disease traceability, but there is technology today that would allow a return to self-inspection while still addressing disease traceability.

Persons Testifying: (In support) Representative Blake, prime sponsor; Laura Butler and Lynn Briscoe, Washington State Department of Agriculture; Jack Field, Washington Cattle Feeders Association; Mark Streuli, Tyler Cox, Neil Kayser, Brad Cameron, Sam Ledgerwood, and Bill Seiverkropp, Washington Cattleman's Association; Scott Gress; Dick Coon; Kevin Cernut; Kyler Beard; and Kale McGuinness, Livestock Markets.

(Opposed) Scott Nielson.

Persons Signed In To Testify But Not Testifying: Jay Gordon, Washington Dairy Federation and Amber Charlton, Washington Cattleman's Association.