

1999 HOUSE AGRICULTURE
HB 1290

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1290

House Agriculture Committee

Conference Committee

Hearing Date 1-21-99

Tape Number	Side A	Side B	Meter #
TWO HB 1290		x	15.5 to 50.0
THREE HB 1290	x		0.0 to 10.0
Committee Clerk Signature <i>Arlyn Hanson</i>			

Minutes:

Summary of bill. Relating to meat inspection program.

Rep Shirley Meyer: Asked to introduce this bill on behalf of a constituent and I happen to be married to him too. (Testimony Attached)

Object of HB 1290 is to increase our market share of the Market. This bill would give us the opportunity where we would process our own beef take it home and we could sell a portion of this animal to some people in town. Now we can't do that.

Rep Berg: Any federal restrictions apply if producers in surrounding states start to utilize this law
Are there any federal restrictions that we would have to jump through.??

Rep Meyer: Minn has just put this law in place.

Rep Stefonowicz: Whats the status for butcher shops in the State now?

Rep Meyer: They have to be USDA Federally inspected.

Rep Meyer: There is a lawsuit on going right now and they think they are going to win this and State Standards just as high as USDA Federal Inspections laws.

Rep Mueller: Did we not have a meat inspection program in our state at one time?

Rep Meyer: In the 1970's we did have a State Meat inspection program then we went for a USDA Meat inspection program. Part of the problem was there were some shoddy things being done however I don't believe it was being done in North Dakota. I think we've always had some good clean butcher shops in ND. What we found happening was it closed down every Mom & Pop butcher shop in ND.

Chairman Nicholas: Doesn't believe we ever had State Meat inspection as per say just in 1970's USDA took over in April 1970 and then it closed all butcher shops if not USDA inspected. My Uncles sold out their butcher shop the day Federal took over.

Wayne Carlson: Corridinator for ND Dept of Agriculture. Concentration of has driven local ones out of State or out of business. Currently North Dakota is surrounding by States with St Inspected butcher shops. SD has a program and it has been in place for several years. It is inspecting 50 full slaughter to retail processing plants, 50 custom plants, and Minn is just starting there meat inspection process. They hope to inspect up to 50 plants in the near future. Major disadvantage of Federal Law is it does not allow for interstate shipment of local meat and meat products.

Rep Rennerfeldt: What is the fiscal note for this bill?

Wayne Carlson: Important that you understand the cost of the program. Fiscal note allows for Federal to still inspect their plants. To start with I estimated there would be 20 plants. A Veterinary would be hired to set up rules and guide lines. 4¾ FTE to run this meat inspection

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House Agriculture Committee
Bill/Resolution Number Hb 1290
Hearing Date 1-21-99

program. Total cost per year would be \$259,000. per year using these assumptions and ½ of this be paid by federal dollars.

Rep Brandenburg: A friend of mine had to take his Emu to South Dakota to get it butchered.

Would this help him.

Wayne Carlson: Yes right now there are only 2 Federally Inspected Emu butchering plants one in South Dakota and one in Texas.

Erik T Kehr: Killdeer Restaurant owner. Problems we had years ago no longer exist. Health Dept can come in and inspect cafes, etc at all times. Has managed some 50 restarants in his life time.

1-28-99 Committee action:

Motion by Rep Mueller for a DO PASS as Amended refer to appropriations Second by Rep

Nowatzki. Yes 13 No 0 Absent 2

Carrier

FISCAL NOTE

(Return original and 10 copies)

Resolution No.: _____ Amendment to: Eng. HB 1290

Requested by Legislative Council _____ Date of Request: 4-05-99

- Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

Narrative: This bill creates a state meat inspection service to examine and inspect meat products prepared solely for intrastate slaughter, meat canning, salting, packing, or similar establishment. The Commissioner of Agriculture will appoint inspectors that will be present during the slaughter of animals and in the preparation of food products.

The Federal Government pays for 50% of the cost of the program if program adopts Title 9 as a minimum standard. State funds would be required for the balance of the funds. Revenues generated are from a \$100 license fee per plant per year.

- State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	0	0	0	\$4,000	0	0
Expenditures	0	0	0	\$450,000	0	0

What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: 0
- b. For the 1999-2001 biennium: \$454,000 (0)
- c. For the 2001-03 biennium: 0

- County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
0	0	0	0	0	0	0	0	0

Signed: _____
 Typed Name: Jeff Weispfenning
 Department: Agriculture
 Phone Number: 328-2231
 Date Prepared: 1-19-99

FISCAL NOTE

(Return original and 10 copies)

Resolution No.: _____ Amendment to: Eng. HB 1290
 Requested by Legislative Council Date of Request: 2-17-99

- Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

Narrative: This bill creates a state meat inspection service to examine and inspect meat products prepared solely for intrastate slaughter, meat canning, salting, packing, or similar establishment. The Commissioner of Agriculture will appoint inspectors that will be present during the slaughter of animals and in the preparation of food products.

The Federal Government pays for 50% of the cost of the program if program adopts Title 9 as a minimum standard. State funds would be required for the balance of the funds. The engrossed legislation would allow the use of user funds to fund its share of the 50% match. However, provisions of the Federal law applicable to meat inspections prohibit the use of user fees if used to match federal dollars. * (See attachment) Federal law does allow for states to charge for licensing fees not exceeding \$100/ plant per year. This fiscal note assumes 20 plants inspected during the first biennium. This level of funds will not support an inspection program.

- State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	0	0	0	\$8,000	0	0
Expenditures	0	0	0	\$8,000	0	0

- What, if any, is the effect of this measure on the budget for your agency or department:

- For rest of 1997-99 biennium: 0
- For the 1999-2001 biennium: \$239,000 (0)
- For the 2001-03 biennium: 0

- County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
0	0	0	0	0	0	0	0	0

Signed: _____
 Typed Name: Jeff Welspenning
 Department: Agriculture
 Phone Number: 328-2231
 Date Prepared: 1-19-99

FEB 15 1995

Dr. Janice Webb
Environmental Administrator
FL Dept of Agriculture
& Consumer Services
3125 Conner Blvd., Adm. Bldg.
Suite 281
Tallahassee, FL 32399-1650

Dear Dr. Webb:

This is in response to your recent inquiry concerning the Department of Agriculture's position on the imposition by the State of Florida of user fees for recovering the costs of State meat and poultry inspection.

We understand that proposals for the enactment of user-fee legislation are being considered in Florida. As you know, the Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA) provide for the establishment and effective enforcement of State inspection programs that are "at least equal" to the programs operated by the Federal Government under the FMIA and PPIA. Any State not having and enforcing an "at least equal" program is required to be designated by the Secretary of Agriculture and, 30 days after the publication of the designation, the requirements of the FMIA and PPIA become applicable to wholly intrastate operations in the State (21 U.S.C. 454, 661).

The provisions of Federal law applicable to meat and poultry provide that the cost of inspection under the FMIA and PPIA shall be borne by the United States except for overtime and holiday work (21 U.S.C. 466, 469, 680, 695). Also, the legislative history of the FMIA and PPIA clearly shows the intent of Congress that Federal and State programs under these acts are not to be financed by direct or indirect user fees or taxes. Both the FMIA and the PPIA intend that the Federal share of funds used to finance the programs shall come from appropriations out of general revenue funds. The States must also provide for the cost of their share through appropriations out of general revenue funds, although it was not the intent "to preclude cooperation with State programs having as part thereof a licensing system where there is imposed a nominal license fee, e.g., not exceeding \$100." (See Congressional Record, December 6, 1967, page S. 18041, H. 16346; House Report No. 1333 on H.R. 16363, 90th Congress, 2d. Session, page 11).

Dr. Janice Webb

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If the FMIA and PPIA were amended to permit the Federal Government to charge user fees for meat and poultry inspection, the States would be able to enact similar provisions for their inspection programs.

Sincerely,

/s/ C. L. Bacon

Connie L. Bacon, D.V.M.
Acting Director
Federal-State Relations Staff

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FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1290 Amendment to: _____

Requested by Legislative Council Date of Request: 1-13-98

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

Narrative: This bill creates a state meat inspection service to examine and inspect meat products prepared solely for intrastate slaughter, meat canning, salting, packing, or similar establishment. The Commissioner of Agriculture will appoint inspectors that will be present during the slaughter of animals and in the preparation of food products.

The Federal Government pays for 50% of the cost of the program if program adopts Title 9 as a minimum standard.

See attachment for break down of cost assumptions.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	0	0	0	0	0	0
Expenditures	0	0	\$202,500	\$127,500	0	0

3. What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: 0
- b. For the 1999-2001 biennium: \$330,125 (0)
- c. For the 2001-03 biennium: 0

4. County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
0	0	0	0	0	0	0	0	0

Signed: _____
 Typed Name: Jeff Weispfenning
 Department: Agriculture
 Phone Number: 328-2231
 Date Prepared: 1-19-99

ATTACHEMENT FOR HOUSE BILL #1290

Assumption used in arriving at cost of a North Dakota program.

- USDA will continue doing meat inspections on the existing 20 full(slaughter to retail) processing plants it already inspects.
- For cost estimate, North Dakota inspectors would have 20-plant inspections-10 full and 10 custom(slaughter only for own use) plants. Any additional number of plants would increase the costs proportionately.
- Cost would be similar to Minnesota and South Dakota. The average cost of both programs should give an estimated cost of North Dakota's projected cost.
- All work will meet the Federal reimbursement level of 50%.
- First year a veterinarian would be hired to develop program and administrative rules. First year cost would be \$75,000, which would be for salary and \$10,000 operating. No Federal cost share on first year.
- Second year the program would be full staff eligible for Federal cost share.

COST COMPARISONS

State	# Plants	FTE	Budget /year
SD	100	25	\$1,200,000
MN	50 ¹	9 ²	\$675,000 ³

ND COST COMPARISONS WITH MN AND SD

Cost Analysis

SD has a cost of \$12,000/plant

MN has a cost of \$ 13,500/plant

Assumed cost per plant is **\$12,500**

North Dakota cost estimating 20 plant would be **\$255,000/ year**

SD has 100 employees or 4 FTEs / plant

MN will have 7 employees or 5.5 FTEs /plant

Average FTE/ plant is **4.75**

Breakdown of the cost/year of 4FTEs

One veterinarian	= \$ 65,000/year
Three inspectors	= \$115,000/year
3/4 Secretary	= <u>\$ 15,000/year</u>
Total cost FTE	\$173,000/year
Operating costs	<u>\$ 60,000/year</u>
Total cost	\$255,000/year

Assumed cost for a year is \$255,000. Federal will pay for half of the cost so it will cost the State \$127,500/year

¹ MN program is just starting. This is an estimated number they expect to do.

² estimated in 2000 budget

³ projected in 2000

Date: 1-25
Roll Call Vote #:

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1290

House AGRICULTURE Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass as amended Refer to approp

Motion Made By Rep Mueller Seconded By Rep Nowatzki

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chaiman	✓		Bob Stefonowicz	✓	
Dennis E. Johnson, Vice Chm	✓				
Thomas T. Brusegaard	✓				
Earl Rennerfeldt	✓				
Chet Pollert	✓				
Dennis J. Renner	✓				
Michael D. Brandenburg	✓				
Gil Herbel	✓				
Rick Berg	✓				
Myron Koppang	✓				
John M. Warner	✓				
Rod Froelich	✓				
Robert E. Nowatzki	✓				
Phillip Mueller	✓				

Total (Yes) 13 No 0

Absent 2

Floor Assignment _____

REPORT OF STANDING COMMITTEE

HB 1290: Agriculture Committee (Rep. Nicholas, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1290 was rereferred to the Appropriations Committee.

Page 10, replace lines 24 through 26 with:

"Interstate shipment. Meat and meat products inspected under this chapter may be shipped in interstate commerce when federal law permits state inspected meat and meat products to be marketed interstate."

Renumber accordingly

1999 HOUSE APPROPRIATIONS

HB 1290

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date February 16, 1999			
Tape Number	Side A	B Side	Meter #
1	x		53.0-END
1		x	0-31.0
Committee Clerk Signature <i>Roxanne Hone</i>			

Minutes:

1A: 53.0 Chairman Dalrymple opened the discussion on House Bill 1290.

Department of Health on hand to answer questions.

1B: 2.0 Rep. Carlson asked what type of animals are affected by this bill? Rep. Meyer replied that all types of meat are involved. The problem is not the cost but the service/cooperation with the USDA inspectors.

1B: 8.8 Rep. Delzer asked if the state would be liable if there was an e-coli problem? Rep. Meyer said that the state would be required to use the same standards as the USDA. There would still only be one inspection. The plants would not be required to go through two.

1B: 17.7 Rep. Timm asked if the bill would require an appropriation. Rep. Meyer replied no. It would be funded by the federal USDA program.

1B: 24.0 Rep. Poolman moved the amendment. Rep. Bernstein 2nd the motion. On a voice vote the amendment was adopted.

General Discussion

Page 2

Appropriations

February 16, 1999

Rep. Poolman moved for a DO PASS AS AMENDED. Rep. Bernstein 2nd the motion. On a Roll Call vote the motion carried.

18 voting Yes

2 voting No

0 voting Absent

Rep. Poolman - Carrier

Date: 2-16-99
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1290 ENGROSSED

House APPROPRIATIONS Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number 90419.0301

Action Taken DO PASS AS AMENDED

Motion Made By Poolman Seconded By Bernstein

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	X		Nichols	X	
Vice-Chairman Byerly		X	Poolman	X	
Aarsvold	X		Svedjan	X	
Bernstein	X		Timm	X	
Boehm	X		Tollefson	X	
Carlson	X		Wentz	X	
Carlisle	X				
Delzer		X			
Gulleson	X				
Hoffner	X				
Huether	X				
Kerzman	X				
Lloyd	X				
Monson	X				

Total (Yes) 13 No 2

Absent 0

Floor Assignment REP. POOLMAN

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1290, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (18 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1290 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and" and after "penalty" insert "; and to provide an appropriation"

Page 10, after line 23, insert:

"5. Adopt rules to implement this chapter, including establishing inspection fees for providing inspection services under this chapter."

Page 10, after line 30, insert:

"SECTION 2. APPROPRIATION. There is hereby appropriated from special funds derived from federal funds and other income, the sum of \$239,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of implementing and operating the state meat inspection program for the biennium beginning July 1, 1999, and ending June 30, 2001."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 602 - AGRICULTURE DEPARTMENT

HOUSE - This amendment authorizes the Agriculture Commissioner to charge fees for providing meat inspection services and provides \$239,000 from the fees collected and from federal funds to implement and operate the program for the 1999-2001 biennium.

1999 SENATE AGRICULTURE

HB 1290

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1290

Senate Agriculture Committee

Conference Committee

Hearing Date 3/4/99

Tape Number	Side A	Side B	Meter #
2	X		1670-END
2		X	0-2695
3/11 2		X	2650-5257
Committee Clerk Signature <i>Tricia Jorgensen</i>			

Minutes:

Senator Wanzek called the meeting to order, roll call was taken, all were present.

Senator Wanzek opened the hearing on HB 1290.

Representative Meyer introduced the bill. Bill would allow small and medium size livestock producers the opportunity to market their product. Feels we raise the best beef there is yet we can't benefit from that.

Senator Solberg spoke in support of the bill. Feels the bill has tremendous possibility. Bill would benefit producers. Went over some parts of the bill.

Wayne Carlson from the ND Ag. Department spoke in support of the bill. USDA presently provides ND with meat inspecting service. Bill would provide option for some facilities to be inspected by the state. Testimony enclosed.

Senator Klein: Are we compromising food safety?

Wayne Carlson: No it has to be equal to federal standards.

Senator Klein: Are we thinking more facilities will open up?

Wayne Carlson: That's a hard question to answer.

Senator Sand: If somebody could justify another plant what would happen to those already established?

Wayne Carlson: I don't think there would be a large impact.

Senator Sand: These people use a lot of local meat?

Wayne Carlson: There are 20 some federal inspected plants, they can take meat from anywhere.

Art Hagen, owner of a meat processing plant in Bottineau spoke in support of the bill. Doesn't feel there will be a threat if new plants open up, customers will stay with you if you have a clean plant.

Senator Sand: When you process meats that go up to the International Peace Gardens and do a lot of that, is that local meat or meat shipped in?

Art Hagen: It's shipped in because we are not federally inspected for shipping.

Senator Sand: Would you be able to use ND meat under this bill?

Art Hagen: Yes.

Senator Klein: You could have brought that back over the past years and that would allow you to slaughter them and then sell them, if you change will that require a lot of investment on your part?

Art Hagen: Under the federal it would.

Senator Urlacher: The federal was mandated was it not?

Art Hagen: I am not positive.

Senator Urlacher: Will going on state inspection will federal mandate mean the state inspection will have to meet the federal guidelines.

Art Hagen: What I understand yes.

Senator Urlacher: But only inspected on a state level in accordance to federal inspection.

Art Hagen: I believe so, but I am not 100% sure.

Fred Eagleson from Dakota Country Meats in Jamestown spoke in support of the bill. Feels bill would be very helpful.

Senator Urlacher: If the state inspection has to meet federal requirements do you think it would shorten up the process to be qualified?

Fred Eagleson: I'm sure it would.

Senator Sand: You imply there is a federally inspected plant in your area, can he buy local animals and process them?

Mary Christensen from the ND Resource Council spoke in support of the bill.

Warren Woroniecki spoke in support of the bill. Explained process of shipping out of state and the cost.

Senator Sand: When federal inspector comes to your plant does he have a charge?

Wayne Carlson: Yes, it's paid for by the USDA.

Senator Sand: When you kill an animal a federal inspector has to be there?

Wayne Carlson: Yes.

Bill Patrie spoke in support of the bill. We have to produce safe food. We want farmers and ranchers to take ownership to the end of the process.

Julie Ellingson from the ND Stockmen's Association stood in support of the bill.

Jack McDonald from the ND Newspaper Association stood in support of the bill.

Patty Lewis from the ND Farm Bureau stood in support of the bill.

Terry Schantz stood in support of the bill.

Senator Wanzek: Even if we pass this, buildings would still have to be inspected by federal inspector.

Terry Schantz: All depends on what we are allowed to adopt as regulations.

Charlie Stoltenon, NDSU Extension Veterinarian spoke neutrally on the bill. Talked about federal meat law.

Senator Sand: You made the comment we might not be in control.

Charlie Stoltenon: Issue comes down to equivalency.

Senator Sand: Could you relate what you said to the Fargo plant that just closed.

Charlie Stoltenon: My own personal opinion, that plant was older, they came under HASUP, to do that they had to have zero tolerance. My opinion is that the new meat regulations helped the demise of federal beef coupled with the perceived public outcry of that community.

Senator Klein: If we stay within ND it would be to our advantage.

Charlie Stoltenon: One reason you never see major outbreaks related to state meat inspection is because that meat never leaves the state, therefore it's the state health department doing the investigation.

Senator Wanzek: We are pretty high on the consumption table as far as meat, you are questioning whether it's going to result in much economic development.

Charlie Stoltenon: That's what we really don't know.

Senator Wanzek closed the hearing on HB 1290.

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Senate Agriculture Committee
Bill/Resolution Number Hb 1290
Hearing Date 3/4/99

Discussion was held.

Senator Klein made the motion to add \$250,000 and change July 1, 1999 to July 1, 2000.

Senator Mathern seconded.

Discussion was held.

Senator Klein withdrew the motion.

Senator Mathern seconded.

Discussion was held.

Senator Klein made the motion to add \$75,000 and change date to July 1, 2000.

Senator Mathern seconded.

Discussion was held.

Senator Klein made the motion for a Do Pass as Amended.

Senator Mathern seconded.

ROLL CALL: 7 Yes, 9 No

CARRIER: Senator Kinnoin

Date: 3/11
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1290

Senate Agriculture Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Amendment appropriation

Motion Made By Klein Seconded By Mathern

Senators	Yes	No	Senators	Yes	No
Senator Wanzek	✓				
Senator Klein	✓				
Senator Sand	✓				
Senator Urlacher	✓				
Senator Kinnoin	✓				
Senator Kroeplin	✓				
Senator Mathern	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

\$75,000
July 1, 2000

Date: 3/11
Roll Call Vote #: 2

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1290

Senate Agriculture Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended approp.

Motion Made By Klein Seconded By Mather

Senators	Yes	No	Senators	Yes	No
Senator Wanzek	✓				
Senator Klein	✓				
Senator Sand	✓				
Senator Urlacher	✓				
Senator Kinnoin	✓				
Senator Kroeplin	✓				
Senator Mather	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment Senator Kinnoin

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1290, as reengrossed: **Agriculture Committee (Sen. Wanzek, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1290 was placed on the Sixth order on the calendar.

Page 11, after line 7, insert:

"SECTION 3. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$75,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of implementing and operating the state meat inspection program for the period beginning July 1, 2000, and ending June 30, 2001."

Re-number accordingly

1999 SENATE APPROPRIATIONS

HB 1290

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. REENGROSSED HB 1290

Senate Appropriations Committee

Conference Committee

Hearing Date 3/24/99; 4/1/99

Tape Number	Side A	Side B	Meter #
1	x		4900-end
1		x	0-2000
4/1/99	1	3391-3895	
Committee Clerk Signature <i>Gaudia Anderson</i>			

Minutes:

SENATOR NETHING: Opened the hearing on Reengrossed HB 1290; a BILL for an Act to create and enact a new chapter to title 36 of the North Dakota Century Code, relating to a state meat inspection program; to provide a penalty; and to provide an appropriation.

SHIRLEY MEYER: Representative, District 36, to testify in support of HB 1290. The intent of HB 1290 is to allow small and medium livestock producers a better opportunity to market their product. The way to buy meat legally if you are going to purchase an animal from me, you need to come to my ranch, pick out an animal that you want to kill. You have to kill the animal yourself, have it processed yourself, and then you can take home the finished product. The typical consumer finds this process too expensive, too cumbersome and too time-consuming. I have been asked, "Why can't you sell me 12 packages of T-bone steak, etc. When I talked to Legislative Council, they told me that you are asking to develop a state meat inspection program. I didn't realize that I was asking to do this, but I guess it was. If we could develop a state meat inspection program, we are trying to substantially increase our market share. This would allow us to develop name brand products. Developing a state meat inspection program would allow us to sell our smaller portions to our friends, neighbors and urban customers. It would also provide a means for processing alternative livestock. Back in the 1970's we did our own state meal inspection. The feds came in and offered to pay for the program, and we jumped on the bandwagon and we went to a federally meat inspection program from USDA. What happened when they did that was we virtually had every mom and pop butcher shop closed because of increased costs associated with federal regulations. (tape 1, A, 4900-5624)

SENATOR ANDRIST: Could the state inspected meat be just sold in the state only?

REPRESENTATIVE MEYERS: The way the bill reads, yes. It will be sold intrastate. There is a law suit pending where our state inspection, under the USDA Title 9 requirements, would have

to meet the same standards and the federal requirements. So, they're saying, if we're meeting the same standards, why can't we ship interstate? It looks like that lawsuit will be won.

SENATOR ROBINSON: Are we looking at a similar situation that is in place in South Dakota or Montana?

REPRESENTATIVE MEYERS: Right now Minnesota is the last one to come on-line, Montana has one as does South Dakota. Iowa never went to the federal inspection, they retained their state program.

ROD FROELICH: Representative, District 35, testified in support of HB 1290. I am speaking on behalf of Representative Ron Nichols, Chairman, House Agriculture Committee. This bill came through the House Ag Committee and we are all in full support of it. When USDA took over the meat inspection program in North Dakota, it killed all of the small town grocers. They used to be able to slaughter their own meat and cut up meat and sell it. We can no longer do that. This bill would allow this to happen. (tape 1, A, 5860-end; tape 1,B, 0-50)

KEN SOLBERG: Senator, District 7, to testify in support of HB 1290. This is a value-added economic bill and also a consumer bill. Ohio has presently 247 fully inspected state slaughter plants and 70 custom slaughter plants. They have a 106 inspectors in the state of Ohio. They inspect and sell a tremendous amount of their own product. What we have to do is: 1) The Administrative Rules have to be set up. 2) There is going to have to be an implementation bill, probably January 1, 2001. 3) We need a quarter of a million dollars as a startup fund. This will begin the process and there is matching funds by USDA on this. I don't know when these match-up funds start. There was a question of interstate movement of meat, we feel we will be able to go interstate. The provisions of this bill would open up tremendous possibility for value added agriculture. (tape 1, B, 50-300)

SENATOR NETHING: On page 11, section 2, there is a direct appropriation out of this bill. Is that \$239,000 where we are today?

SENATOR SOLBERG: I believe it was stripped out coming over from the House, and as I look at it now I am surprised it is still in the engrossed bill.

SENATOR NETHING: I should mention, there is an amendment coming out of the Ag Committee for \$75,000.

SENATOR ST. AUBYN: What you are looking at is the \$239,000 for the federal funds plus the \$75,000 from general funds?

SENATOR SOLBERG: Yes, in that direct neighborhood.

SENATOR NAADEN: Having introduced this bill about ten years ago, I know what you are going through. Is it your intention to take over the federal inspection, or is it your intention just to set up a state inspection? (tape 1, B, 470)

SENATOR SOLBERG: To set up a state inspection. Some plants in ND will request to stay with the federal inspection.

SENATOR ANDRIST: The fiscal note shows nothing for 2001-2003, is this something that becomes self-supporting? Are you looking for startup costs, or will it be continued appropriations in the future?

SENATOR SOLBERG: We haven't look down the road that far. There will continue to be some costs on it.

BILL BOWMAN: Senator, District 39, testified in support of HB 1290. There is going to be ground broken for a 10,000 head feedlot. That is step one. Step two is this bill. Let's slaughter some of those cattle and sell them in North Dakota. This bill is to keep some of the money in North Dakota. (tape 1, B, 805)

WAYNE CARLSON: Livestock Service Director, North Dakota Department of Agriculture, testified in support of HB 1290. Testimony attached #1. (tape 1, B, 975-1528)

SENATOR NETHING: Is your department going to provide us with a fiscal note?

CARLSON: The original fiscal note did that blending for the first year. The total cost for a year was figured at \$255, 000. That would be federal payoff costs of a \$127,000.

SENATOR NETHING: Is that with the bill as amended?

WAYNE CARLSON: Yes.

WADE MOSER: North Dakota Stockmen's Association, testified in support of HB 1290. When we relinquished the authority to USDA, it was a mistake.

SENATOR NETHING: Assigned the bill to the subcommittee: Senator Grindberg, Chair; Senator Kringstad, Senator Lindaas, with input from Senator Solberg on amendments, and closed the hearing on reengrossed HB 1290. (tape 1, B, 2000).

=====
4/1/99 tape 1, A, 3391-3895

SENATOR NETHING: Reopened the hearing on reengrossed HB 1290.

SENATOR GRINDBERG: Presented and explained the proposed amendment 90419.0402, and moved do pass.

SENATOR KRINGSTAD: Seconded the motion.

ROLL CALL: Unanimous voice vote to do pass amendment.

SENATOR GRINDBERG: Moved do pass reengrossed HB 1290, as amended.

SENATOR LINDAAS: Seconded the motion.

ROLL CALL: 14 yeas; 0 nays; and 0 absent & not voting.

CARRIER: SENATOR SOLBERG

SENATOR NETHING: Closed the hearing on reengrossed HB 1290.

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1290

In lieu of the amendments adopted by the Senate as printed on pages 716 and 717 of the Senate Journal, Reengrossed House Bill No. 1290 is amended as follows:

Page 1, line 2, after the second semicolon insert "to provide for a transfer; to provide a statement of legislative intent;"

Page 11, line 4, replace "\$239,000" with "\$454,000"

Page 11, after line 7, insert:

"SECTION 3. TRANSFER. The Bank of North Dakota shall transfer the sum of \$250,000 from uncommitted funds of the agricultural partnership in assisting community expansion fund to the agriculture department's operating fund for the purpose of implementing and operating the state meat inspection program for the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 4. ESTABLISHMENT OF STATE MEAT INSPECTION RULES - TEMPORARY COMMITTEE. The agriculture commissioner shall appoint a committee to assist in establishing administrative rules for the state meat inspection program that meet the requirements of the United States department of agriculture for the biennium beginning July 1, 1999, and ending June 30, 2001. The committee consists of the agriculture commissioner or the commissioner's designee; the vice president of agricultural affairs at North Dakota state university; the state veterinarian or the veterinarian's designee; and four individuals appointed by the agriculture commissioner, one of whom represents producers, one of whom represents processors, and two consumer members. The agriculture commissioner or the commissioner's designee is chairman of the committee. Each appointed member is entitled to receive sixty-two dollars and fifty cents per day as compensation for time actually spent devoted to the duties as provided in this section and is entitled to receive necessary expenses in the same manner and amounts as state officials for attending meetings and performing other functions of the office.

SECTION 5. LEGISLATIVE INTENT. It is the intent of the fifty-sixth legislative assembly that the agriculture commissioner complete the promulgation of rules for the state meat inspection program and begin operating the program by July 1, 2000; however, if it is not possible to begin by July 1, 2000, the commissioner may begin the program at a later date but not later than January 1, 2001."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 602 - AGRICULTURE DEPARTMENT

SENATE - This amendment creates a committee for only the 1999-2001 biennium to assist the Agriculture Commissioner in establishing the administrative rules for the state meat inspection program.

A section of legislative intent is added providing that the Agriculture Commissioner attempt to begin the program by July 1, 2000, but if that is not possible, the program should begin no later than January 1, 2001.

The appropriation is increased by \$215,000 of special and federal funds. Of the \$454,000 total special fund appropriation, \$250,000 is provided from a transfer from the Ag PACE fund at the Bank of North Dakota, \$200,000 is from federal funds, and \$4,000 is from collections of inspection fees. Of the \$454,000 appropriation, up to \$50,000 is provided for creating the administrative rules for the program and for training inspectors. The Agriculture Commissioner is authorized up to eight FTE positions for the program.

703
4/1/99
1 of 2

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1290
SENATE AMENDMENTS TO REENGR. HB 1290 APPROP. 4/1/99

In lieu of the amendments adopted by the Senate as printed on pages 716 and 717 of the Senate Journal, Reengrossed House Bill No. 1290 is amended as follows:

Page 1, line 2, after the second semicolon insert "to provide for a transfer; to provide a statement of legislative intent;"

SENATE AMENDMENTS TO REENGR. HB 1290 APPROP. 4/1/99

Page 11, line 4, replace "\$239,000" with "\$454,000"

Page 11, after line 7, insert:

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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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SENATE - This amendment creates a committee for only the 1999-2001 biennium to assist the Agriculture Commissioner in establishing the administrative rules for the state meat inspection program.

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Date: 4-1-99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. Reengrossed HB 1290

Senate APPROPRIATIONS Committee

Subcommittee on _____
or

Conference Committee

✓ Legislative Council Amendment Number 90419.0402

Action Taken Do Pass

Motion Made By Senator Grindberg Seconded By Senator Kringstad

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman					
Senator Naaden, Vice Chairman					
Senator Solberg					
Senator Lindaas					
Senator Tallackson					
Senator Tomac					
Senator Robinson					
Senator Krauter					
Senator St. Aubyn					
Senator Grindberg					
Senator Holmberg					
Senator Kringstad					
Senator Bowman					
Senator Andrist					

Total (Yes) VOICE VOTE - UNANIMOUS No _____

Absent _____

Floor Assignment Senator Solberg

If the vote is on an amendment, briefly indicate intent:

Date: 3 4-1-99
 Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. Reengrossed HB 1290

Senate APPROPRIATIONS Committee

Subcommittee on _____
 or

Conference Committee

✓ Legislative Council Amendment Number 90419.0402

Action Taken NO PASS AS AMENDED

Motion Made By Senator Grindberg Seconded By Senator Lindaas

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Senator _____

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1290, as reengrossed and amended: Appropriations Committee (Sen. Nething, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1290, as amended, was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the Senate as printed on pages 716 and 717 of the Senate Journal, Reengrossed House Bill No. 1290 is amended as follows:

Page 1, line 2, after the second semicolon insert "to provide for a transfer; to provide a statement of legislative intent;"

Page 11, line 4, replace "\$239,000" with "\$454,000"

Page 11, after line 7, insert:

"SECTION 3. TRANSFER. The Bank of North Dakota shall transfer the sum of \$250,000 from uncommitted funds of the agricultural partnership in assisting community expansion fund to the agriculture department's operating fund for the purpose of implementing and operating the state meat inspection program for the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 4. ESTABLISHMENT OF STATE MEAT INSPECTION RULES - TEMPORARY COMMITTEE. The agriculture commissioner shall appoint a committee to assist in establishing administrative rules for the state meat inspection program which meet the requirements of the United States department of agriculture for the biennium beginning July 1, 1999, and ending June 30, 2001. The committee consists of the agriculture commissioner or the commissioner's designee; the vice president of agricultural affairs at North Dakota state university; the state veterinarian or the veterinarian's designee; and four individuals appointed by the agriculture commissioner, one of whom represents producers, one of whom represents processors, and two consumer members. The agriculture commissioner or the commissioner's designee is chairman of the committee. Each appointed member is entitled to receive sixty-two dollars and fifty cents per day as compensation for time actually spent devoted to the duties as provided in this section and is entitled to receive necessary expenses in the same manner and amounts as state officials for attending meetings and performing other functions of the office.

SECTION 5. LEGISLATIVE INTENT. It is the intent of the fifty-sixth legislative assembly that the agriculture commissioner complete the promulgation of rules for the state meat inspection program and begin operating the program by July 1, 2000; however, if it is not possible to begin by July 1, 2000, the commissioner may begin the program at a later date but not later than January 1, 2001."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 602 - AGRICULTURE DEPARTMENT

SENATE - This amendment creates a committee for only the 1999-2001 biennium to assist the Agriculture Commissioner in establishing the administrative rules for the state meat inspection program.

A section of legislative intent is added providing that the Agriculture Commissioner attempt to begin the program by July 1, 2000, but if that is not possible, the program should begin no later than January 1, 2001.

The appropriation is increased by \$215,000 of special and federal funds. Of the \$454,000 total special fund appropriation, \$250,000 is provided from a transfer from the Ag PACE fund at the Bank of North Dakota, \$200,000 is from federal funds, and \$4,000 is from collections of inspection fees. Of the \$454,000 appropriation, up to \$50,000 is provided for creating the administrative rules for the program and for training inspectors. The Agriculture Commissioner is authorized up to eight FTE positions for the program.

1999 HOUSE APPROPRIATIONS

HB 1290

CONFERENCE COMMITTEE

1999 CONFERENCE COMMITTEE MINUTES

BILL/RESOLUTION NO. 1290

Appropriations Committee

Conference Committee

Hearing Date April 6, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-17.0
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

CHAIRMAN LLOYD opened the conference committee meeting on HB 1290.

1A: 1.2 SEN. SOLBERG explained the Senate changes to the bill.

1A: 5.0 REP. BOEHM said he heard that if fees are charged, the feds will not match. Sen. Solberg replied that they can charge up to \$100. They are not charging the user fee on a per animal basis. The rules are changing daily.

1A: 6.2 REP. LLOYD asked if the transfer of \$250,000 from Ag PACE effectively reduces it down to \$750,000. Sen. Grindberg replied that the Senate appropriated \$487,000 to Ag PACE, of which much has not been used. They are using that to fund this.

1A: 7.0 REP. NICHOLS asked if the money from FSIS is an exact match. Sen. Solberg said it is a one to one match. They will not pay for the rule-making process.

1A: 10.5 REP. LLOYD asked if the directors have other responsibilities. Sen. Solberg replied that their main job is inspection. This will be brought out in the rule-making process. The USDA is very flexible on this.

1A: 11.0 REP. LLOYD asked if the FTEs are principally veterinarians. Sen. Solberg said no. They must have a vet on staff to train and make sure the process is done right. Minnesota accomplishes this by consulting veterinarians.

1A: 12.2 REP. LLOYD asked if quality assurance were part of the program. Sen. Solberg replied that one would think so.

1A: 12.6 REP. NICHOLS asked if someone had to be there at all times for inspections. Sen. Solberg said yes.

1A: 14.6 REP. LLOYD asked if other game would be slaughtered. Sen. Solberg said it would

1A: 16.0 REP. LLOYD asked if the North American Bison Cooperative in New Rockford is federally inspected. Sen. Solberg said they are, and they will stay with federal due to inter-state movement of their products.

1A: 16.5 REP. LLOYD asked if products inspected under this ND plan could be flown international. Sen. Solberg replied that because the state would be federally approved, it should allow for this.

The meeting was adjourned.

1999 CONFERENCE COMMITTEE MINUTES

BILL/RESOLUTION NO. 1290

Appropriations Committee

Conference Committee

Hearing Date April 8, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-3.0
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

CHAIRMAN LLOYD opened the conference committee meeting with all members present.

1A: 0.9 CHAIRMAN LLOYD said that he had talked to Eric Hardmire at the Bank of ND regarding AgPACE transfers. They already had the authority to transfer.

1A: 1.4 SEN. GRINDBERG said that he had spoken with John Hoeven, President of the Bank of ND. The language in the Industrial Commission budget was the intent that they could transfer.

1A: 2.5 SEN. SOLBERG moved that the House acted to the Senate amendments. Rep. Boehm seconded the motion. The motion carried 6-0. Rep. Lloyd, yes; Rep. Boehm, yes; Rep. Nichols, yes; Sen. Grindberg, yes; Sen. Solberg, yes; Sen. Tomac, yes.

The meeting was adjourned

Date: 4-8-99
Roll Call Vote #: 1

1999 CONFERENCE COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1290

House Appropriations

- Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Hse accede to Senate amendments

Motion Made By Solberg Seconded By Boehm

Representatives	Yes	No	Senators	Yes	No
Lloyd	X		Grindberg	X	
Boehm	X		Solberg	X	
Nichols	X		Tammac	X	

Reps. (Yes) 3 No _____

Sen. (Yes) 3 (No) _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Insert LC: .

REPORT OF CONFERENCE COMMITTEE

HB 1290, as reengrossed: Your conference committee (Sens. Grindberg, Solberg, Tomac and Reps. Lloyd, Boehm, Nichols) recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ pages 0716-0717 and place HB 1290 on the Seventh order.

Reengrossed HB 1290 was placed on the Seventh order of business on the calendar.

1999 TESTIMONY
HB 1290

Amendments to HB1290:

On page 10, line 26, after the period insert:

“6. Adopt rules to implement this chapter, including establishing inspection fees to be collected for providing inspection services to persons inspected under this chapter.”

Fiscal impact:

General fund reduction of \$127,160

*Delay hiring veterinarian until second year of the biennium and use contract veterinarians for specialized services, reducing first year general fund expenditures by \$35,000.

*Charge hourly inspection fee to plants using the program to generate \$92,160 in revenue per year. (This assumes that each full processing plant will use 16 hours of inspection services per week and be charged \$8.00 per hour for inspection services, and that each custom plant will use 16 hours of inspection services per week and be charged \$8.00 per hour for inspection services. This also assumes 48 weeks of processing per year per plant.)

January 21, 1999

HOUSE AGRICULTURE COMMITTEE

HB 1272

1290

CHAIRMAN NICHOLAS AND COMMITTEE MEMBERS:

My name is Jack McDonald. I'm appearing today on behalf of The North Dakota Newspaper Association and The North Dakota Broadcasters Association. We oppose just three little lines of this bill and respectfully request your **FAVORABLE CONSIDERATION** of our proposed amendment at the bottom of this page.

We generally oppose legislation that seeks to close meetings or keep information confidential. However, we also recognize there are times when some confidentiality is required. In those instances, we then seek to make the confidentiality as specific...and as limited...as possible. For example, §44-04-18.7 of the Century Code states that active criminal history and investigative information is exempt from the open records law while the investigation is ongoing. It then lists nine specific areas of information that **are not** considered confidential, and is therefore public.

However, this bill takes the opposite approach. Instead of being very specific, it is very, very broad and vague. Subsection 5 on page 10, line 24, says in effect that everything is confidential unless the commissioner says its not or a court makes him reveal it. We think some of this information may be of vital concern not only to ranchers and the cattle industry, but also to the general public. We don't think its acceptable to simply leave it up to the commissioner to decide what's public information and what's not.

Therefore, we urge you to delete this language. Or, in the alternative, I would be happy to work with a subcommittee to prepare some guidelines or criteria to use when deciding if the information should be public.

If you have any questions, I'll be happy to answer them. THANK YOU FOR YOUR TIME AND CONSIDERATION.

PROPOSED AMENDMENTS TO HB 1272

Page 10, delete lines 24 through 26

Re-number accordingly

**Testimony of Wayne R. Carlson
Livestock Services Coordinator
North Dakota Department of Agriculture
House Bill 1290
January 21, 1999
Agriculture Committee
Peace Garden Room**

Chairman Nicholas and Committee members, for the record, my name is Wayne Carlson, I am the Livestock Services Coordinator for the Department of Agriculture. I am here to testify in support of HB 1290.

USDA-Food Safety and Inspection Service presently provides North Dakota with a meat inspection service and currently inspects 22 full processing plants and 100 custom-retail facilities. This bill would provide an option to some of these facilities to be inspected by a state program instead.

Presently there are 27 states that have state meat inspection programs. Those programs inspect approximately 3000 slaughter and processing facilities. The Federal government requires these states to adopt the federal standards (Title 9) as a minimum requirement and reimburses the state 50% of the cost of carrying out inspections under this program.

Currently, North Dakota is surrounded by states that have inspections programs. South Dakota has had its program for several years and is inspecting 50 full (slaughter to retail) processing plants and 50 custom-retail facilities. Minnesota is just starting its inspection service and hopes to be inspecting up to 50 facilities in the near future. Statistics from these two states were used in estimating the cost of this legislation as reflected in the fiscal note.

The advantages of state inspection services are numerous. They

- are more assessable.
- provide a friendlier service.
- are easier to work with and usually are available to assist right away.
- can adapt rules that fit the environment and situation.
- simplify the label approval process.

The major disadvantage is Federal law does not allow for interstate shipment of meat and meat products inspected by a state inspection service. However, Ohio and other states have a lawsuit pending that would change this. Agriculture Secretary Glickman also has conducted hearings on this restriction. I feel it is just a matter of time before this issue is resolved. In which case North Dakota would be at a disadvantage because it would be competing with surrounding states that have state inspection programs.

Thank you.

If any questions, I would be glad to answer them.

Testimony for HB 1290
Dennis L. Johnson
North Dakota Farmer's Union

Chairman Wanzek and Senate Ag. Committee:

*I support HB 1290 to establish a state meat inspection program.

*This is a good bill for agriculture because it is value-added agriculture and economic development.

*This is a very compatible bill with SB 2270 because North Dakota ranchers can produce and fatten-beef, lamb, and pork. Packers in state can process this meat and consumers in state can buy home-grown meat over the counter-products synonymous with high quality.

*I would encourage a "Do Pass" on HB 1290.

*Are there any questions?

Minnesota adopts livestock production program

ST. PAUL — A new state meat inspection program will give small and medium-sized Minnesota livestock producers and processors a better opportunity to market their products, officials say.

Until now, livestock producers have had to jump through several hoops to get their meat processed in plants that aren't inspected by the U.S. Department of Agriculture. Under the new system, they'll be able to sell meat at their own sites because it will have been processed at state-inspected plants, officials say.

Lowell Schafer, a hog and beef producer from Goodhue, Minn., says the change will give his family the opportunity to develop a brand name consumers can recognize and trust. "Right now, we produce a generic product," he says.

Under current rules, Schafer could have his brand-name products processed in a large USDA-inspected plant, but the plants are too far away, he says. However, with the new regulations, he could use the Lorentz Meats plant 15 miles away in Cannon Falls, Minn., which currently is not USDA-inspected.

Federal meat inspectors work at about 100 large Minnesota packing houses but they're dominated by national food processors making their own brands. Minnesota shut down its inspection program in 1972 amid a federal takeover prompted by shoddy standards in some states.

Most small and medium-sized processing plants in Minnesota are not inspected and rules for the processors and growers who use them are strict. For instance, farmers who market directly to consumers must sell only live animals. Once the deal is made, the animal is taken to a processing plant, where it is killed and processed. The consumer then picks up the meat.

Typically, consumers who buy directly from farmers must purchase either an entire animal or a large portion. If the consumer only wants half of the animal, other buyers must be found for the remaining half before the animal can be shipped to the slaughterhouse.

Under the new program, farmers will be able to haul their animals to state-inspected processing plants, bring home the frozen meat and then sell small portions to other customers.

While federal law currently prohibits state-inspected meat from being shipped across state lines, USDA officials are confident Congress will follow their recommendations to rescind the restriction in 2000, Undersecretary Catherine Woteki says.

If Minnesota had not adopted the new system, the impending federal change would have put Minnesota livestock producers and processors at a competitive disadvantage with those in Wisconsin, Iowa and South Dakota, which already have state inspection programs, says Kevin Elfering of the state Agriculture

Department. □

— Associated Press

Testimony of Wayne R. Carlson
Livestock Services Coordinator
North Dakota Department of Agriculture
House Bill 1290
February 4, 1999
Agriculture Committee
Roosevelt Room

Chairman Wanzek and Committee members, for the record, my name is Wayne Carlson, I am the Livestock Services Coordinator for the Department of Agriculture. I am here to testify in support of HB 1290.

USDA-Food Safety and Inspection Service presently provides North Dakota with a meat inspection service and currently inspects 22 full processing plants and 100 custom-retail facilities. This bill would provide an option to some of these facilities to be inspected by state programs instead.

Presently 27 states have state meat inspection programs. Those programs inspect approximately 3000 slaughter and processing facilities. The Federal government requires these states to adopt the federal standards (Title 9) as a minimum requirement and reimburses the state 50% of the cost of carrying out inspections under this program.

Currently, North Dakota is surrounded by states that have inspections programs. South Dakota has had its program for several years and is inspecting 50 full (slaughter to retail) processing plants and 50 custom-retail facilities. Minnesota is just starting its inspection service and hopes to be inspecting up to 50 facilities in the near future. Statistics from these two states were used to develop the cost of this legislation as reflected in the original fiscal note.

The advantages of state inspection services are numerous. They

- are more assessable.
- provide a friendlier service.
- are easier to work with and usually are available to assist right away.
- can adapt rules that fit the environment and situation.
- simplify the label approval process.

As mandated inspection moves toward a more modern scientifically based system (HACCP), smaller businesses will need considerable guidance and training to change their production methods to comply with new inspection requirements. State inspection programs will be able to assist smaller businesses more effectively and efficiently than the federal system in converting to operations under the new inspection system. Failure of a business to operate under the new system will result in more of state's plants closing.

The major disadvantage is Federal law does not allow for interstate shipment of meat and meat products inspected by a state inspection service. However, Ohio and other states have a lawsuit pending that would change this. Agriculture Secretary Glickman also has conducted hearings on this restriction. I feel it is just a matter of time before this issue is resolved, in which case North Dakota would be at a disadvantage because it would be competing with surrounding states that have state inspection programs.

House Bill 1290 as passed by the House gives the Commissioner of Agriculture the spending authority of \$239,000 from special funds, which would be half user fees, and half federal funds. However, federal law prohibits the utilization of user fees for the inspection process, which would eliminate this source of funds for the federal match. The only allowable fee is a \$100 license fee per plant per year. This bill, as passed by the House, will not accomplish what the bill is intended to do. I urge that steps be taken to change the funding source for this legislation to make it an effective legislation.

Thank you.

If any questions, I would be glad to answer them.

MEMORANDUM

TO: Bob Barnett, Chief, Administrative Services Section

FROM: Kenan Bullinger, Crime Lab Director

DATE: February 13, 1999

RE: HB 1290 - Meat Inspection

I took another look at the proposed language in HB1290 and basically I think this is a good bill if in fact its' intent was to provide for state inspection of a variety of animals including game animals and other non-traditional species. There certainly has been a push in several recent legislative sessions to have a state meat inspection program so producers of the wild game and other exotic species have inspected processing plants available to them in North Dakota so their animals would not have to be shipped to approved out-of-state facilities. USDA has been the only agency in North Dakota providing carcass inspections since 1969 when the North Dakota Meat Inspection Act was repealed. USDA is mandated by federal law to provide inspection services at slaughter and of further processing of all "domestic species" which include beef, pork, and poultry. This inspection for domestic species is provided at no charge to the facilities. However, if a producer of non-traditional species wants his animals inspected so he can sell them at retail, they must have them voluntarily inspected by USDA and pay an inspection fee of around \$32/hour. The other option for producers of non-traditional species is to send them for inspection under another state approved inspection program. That's the option most producers have had to take as few USDA inspected facilities in North Dakota have agreed to take on wild game or other exotics. Because there are few options for producers in North Dakota and with the high cost of shipping animals out, this legislation was drafted I believe.

I talked to a USDA official on Friday and he informed me there are probably 10-12 full slaughter operations now in North Dakota that are USDA inspected. These facilities are getting USDA inspection of domesticated species at no charge. As such, I don't see why any of these current slaughter operations would want to switch to a state inspection if they have to pay an \$8/hour inspection fee. He also informed me there are approximately 100 custom processing operations in North Dakota as well that receive a quarterly visit from USDA but are not required to be USDA inspected and as such don't pay any fee as well. USDA only charges their \$32/hour fee when they are asked to provide inspection services on non-traditional species. As I mentioned on Friday, a meat market or retail food store can make their own finished products like sausage and sell it through their own retail counter without inspection of USDA if it uses inspected product in the processing. That particular meat market or retail store cannot turn around and sell that

sausage to the local restaurant or other retail establishment unless it has been USDA inspected. Because of this mandate of federal law, it will be tough to estimate how many meat markets or retail operations in North Dakota will request state inspection for a fee so they can sell their processed products to other retail operations. My guess is many will simply process and sell through their own operations and not request inspection.

Because of the uncertainty of just how many facilities will request state inspection services, it is tough to estimate fiscal impact. If USDA provides the service now at no charge on domesticated species, why would anyone want the state to inspect for a fee. The estimates for inspector salaries are probably fairly accurate as it looks as though many states with programs hire lay inspectors with veterinarian supervision. The one statistic in the fiscal note in question is the amount of inspection hours each plant would have. The narrative states each inspector will be responsible for 4.75 plants and that each plant will receive 16 hours of inspection per week. That amounts to 76 hours of inspection per week for each inspector. The fiscal note states only 3 inspectors will be hired to carry out the inspections which would result in more plants per inspector than originally stated.

With the mention that the State Health Department could possibly carry out these inspections, there is some concern. Although we currently inspect some facilities with retail meat counters, the inspection staff is not trained to perform carcass inspections. Also, the local health unit inspectors would have to be trained as well because state inspectors are not inspecting retail operations within the health units. The only option would be to have separate state inspectors carrying out the provisions of this legislation. This counters the move in recent years to have only one regulatory inspector visit each establishment to avoid duplication of services. The most appropriate agency in my estimation to carry out the provisions of this law would be the State Veterinarian's office as they currently have the necessary animal health knowledge and experience.

I hope this sheds a little light on this matter. As stated earlier, it is real difficult to predict which facilities will require state inspection and as such how many inspectors will be needed to carry out the provisions of this law. What this bill does do however, is give the state's non-traditional producers an option for processing of their animals if in fact some in-state facilities elect to go with state inspection and pay the fee. In either case, the costs will most certainly be passed onto the consumer.

If you have any questions about this matter or would like me present at any budget hearing discussing this subject, let me know.

**Testimony of Wayne R. Carlson
Livestock Services Coordinator
North Dakota Department of Agriculture
House Bill 1290
March 24, 1999
Senate Appropriations
Harvest Room**

Chairman Nething and Committee members, for the record, my name is Wayne Carlson, I am the Livestock Services Coordinator for the Department of Agriculture. I am here to testify in support of HB 1290.

USDA-Food Safety and Inspection Service presently provides North Dakota with a meat inspection service and currently inspects 22 full processing plants and 100 custom-retail facilities. This bill would provide an option to some of these facilities to be inspected by state programs instead.

Presently 27 states have state meat inspection programs. Those programs inspect approximately 3000 slaughter and processing facilities. The Federal government requires these states to adopt the federal standards (Title 9) as a minimum requirement and reimburses the state 50% of the cost of carrying out inspections under this program.

Currently, North Dakota is surrounded by states that have inspections programs. South Dakota has had its program for several years and is inspecting 50 full (slaughter to retail) processing plants and 50 custom-retail facilities. Minnesota is just starting its inspection service and hopes to be inspecting up to 50 facilities in the near future. Statistics from these two states were used to develop the cost of this legislation as reflected in the original fiscal note.

The advantages of state inspection services are numerous. They

- are more assessable.
- provide a friendlier service.
- are easier to work with and usually are available to assist right away.
- can adapt rules that fit the environment and situation.
- simplify the label approval process.

As mandated inspection moves toward a more modern scientifically based system (HACCP), smaller businesses will need considerable guidance and training to change their production methods to comply with new inspection requirements. State inspection programs will be able to assist smaller businesses more effectively and efficiently than the federal system in converting to operations under the new inspection system. Failure of a business to operate under the new system will result in more of state's plants closing.

The major disadvantage is Federal law does not allow for interstate shipment of meat and meat products inspected by a state inspection service. However, Ohio and other states have a lawsuit pending that would change this. Agriculture Secretary Glickman also has conducted hearings on this restriction. I feel it is just a matter of time before this issue is resolved, in which case North Dakota would be at a disadvantage because it would be competing with surrounding states that have state inspection programs.

House Bill 1290 as passed by the House gives the Commissioner of Agriculture the spending authority of \$239,000 from special funds, which would be half user fees, and half federal funds. However, federal law prohibits the utilization of user fees for the inspection process, which would eliminate this source of funds for the federal match. The only allowable fee is a \$100 license fee per plant per year. This bill, as passed by the House, will not accomplish what the bill is intended to do. However, the general spending authority added in the Senate Agriculture Committee would help in developing a meat inspection program that would be very beneficial to North Dakota.

Thank you.

If any questions, I would be glad to answer them.