

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.

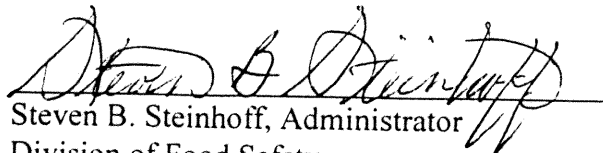
The department has attempted to accommodate small businesses and provide a reasonably fair and equitable license fee schedule. This is done by basing fees on the actual costs associated with each category of licensed establishment and then determining further subcategories of establishments based on 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-20-48 (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 Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

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

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.
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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 - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)

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

STATE

LOCAL

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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Summary of Current Fee Proposal

The final draft rule revises current license fees for dairy plants, food processing plants, food warehouses and retail food establishments. This includes changes in "reinspection fees" charged when a rule violation makes it necessary for the department to reinspect a licensed facility. The fee changes are summarized in the following tables:

Milk Procurement Fee. The increased fee, which is paid monthly, takes effect on the effective date of the rule.

Category	Current Procurement Fee	Proposed Procurement Fee
Grade A	0.4 Cents per Hundredweight	0.6 Cents per hundredweight
Grade B	0.2 Cents per Hundredweight	NO CHANGE; remains at 0.2 Cents per hundredweight.

Food Processing Plant License Fees. The increased license fees will apply to licenses issued or renewed on or after the effective date of the rule.

Category	Current License Fee	Proposed License Fee
Annual production of \$25,000 or more but less than \$250,000 and is engaged in processing potentially hazardous food	\$120	\$250
Annual production of \$250,000 or more and is engaged in processing potentially hazardous food	\$270	\$525
Annual production of \$25,000 or more but less than \$250,000 and is not engaged in processing potentially hazardous food or in canning	\$50	\$100
Annual production of \$250,000 or more and is not engaged in processing potentially hazardous food or in canning	\$110	\$325
Annual production of less than \$25,000	\$40	\$60

Food Processing Plant Reinspection Fees. The increased fees will apply to reinspections made on or after the effective date of the rule.

Category	Current Reinspection Fee	Proposed Reinspection Fee
Annual production of \$25,000 or more but less than \$250,000 and is engaged in processing potentially hazardous food	\$80	\$170
Annual production of \$250,000 or more and is engaged in processing potentially hazardous food	\$180	\$350
Annual production of \$25,000 or more but less than \$250,000 and is not engaged in processing potentially hazardous food or in canning	\$50	\$100
Annual production of \$250,000 or more and is not engaged in processing potentially hazardous food or in canning	\$110	\$325

Retail Food Establishment License Fees. The increased license fees will apply to licenses issued or renewed on or after the effective date of the rule.

Category	Current License Fee	Proposed License Fee
Annual food sales of \$25,000 or more but less than \$1,000,000 and that processes potentially hazardous food	\$90	\$175
Annual food sales of \$1,000,000 or more and that processes potentially hazardous food	\$210	\$450
Annual food sales of \$25,000 or more an that is engaged in food processing but does not process potentially hazardous food	\$80	\$125
Annual food sales of less than \$25,000 and that is engaged in food processing	\$40	\$60
Not engaged in food processing	\$20	\$30

Retail Food Establishment Reinspection Fees. The reinspection fee increases will apply to reinspections made on or after the effective date of the rule.

Category	Current Reinspection Fee	Proposed Reinspection Fee
Annual food sales of \$25,000 or more but less than \$1,000,000 and that processes potentially hazardous food	\$60	\$125
Annual food sales of \$1,000,000 or more and that processes potentially hazardous food	\$140	\$300
Annual food sales of \$25,000 or more and that is engaged in food processing but does not process potentially hazardous food	\$80	\$125
Annual food sales of less than \$25,000 and that is engaged in food processing	\$40	\$60
Not engaged in food processing	\$50	\$60

Food Warehouse License Fees. The license fee increases will apply to licenses issued or renewed on or after the effective date of the rule.

Category	Current License Fee	Proposed License Fee
Stores potentially hazardous food and has fewer than 50,000 square feet of storage area	\$50	\$75
Stores potentially hazardous food and has 50,000 square feet or more of storage area	\$100	\$200
Does not store potentially hazardous food and has fewer than 50,000 square feet of storage area	\$25	\$50
Does not store potentially hazardous food and has 50,000 square feet or more of storage area	\$50	\$100

Food Warehouse Reinspection Fees. The reinspection fee increases will apply to reinspections made on or after the effective date of the rule.

Category	Current Reinspection Fee	Proposed Reinspection Fee
Stores potentially hazardous food and has fewer than 50,000 square feet of storage area	\$50	\$75
Stores potentially hazardous food and has 50,000 square feet or more of storage area	\$100	\$200
Does not store potentially hazardous food and has fewer than 50,000 square feet of storage area	\$50	\$100
Does not store potentially hazardous food and has 50,000 square feet or more of storage area	\$100	\$200

Fiscal Estimate

This rule will increase local government costs for 15 agent cities and counties. The combined cost increase for all 15 agent cities and counties will be about \$16,000 per year. City and county health departments that license and inspect retail food establishments on behalf of the department may set their own license fees. However, they must reimburse the department, for support services, an amount equal to 20% of the department's statewide license fee. This rule will increase local reimbursement payments beginning with licenses issued for fiscal year 2000. A copy of the fiscal estimate is attached.

Small Business Impact

License fee increases will affect small businesses. The department has attempted to accommodate small businesses and provide a reasonably fair and equitable license fee schedule. In general, 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. A small business analysis (final regulatory flexibility analysis) is attached.

Next Steps

If the Board approves this final draft rule, the department will transmit the final draft to the Legislature for review by appropriate legislative committees. If the Legislature takes no action to stop the rule, the Secretary will sign the final rulemaking order and transmit it for publication. The rule will take effect upon publication in the Wisconsin Administrative Register unless the final draft rule specifies a later effective date.

The department projects an effective date of March 1, 1998. Agent cities and counties will not be required to reimburse the department based on the department's new retail food establishment license fees until fiscal year 2001.

I told them
to come at
11:00

STATE OF WISCONSIN

To AI 2-9483


Date 11/12 Time 2-3332

WHILE YOU WERE OUT

M Bob Cropp / wil HU
of Out reach spec.
Phone 2-9483 for UW center for

Telephoned	Please Call	<input checked="" type="checkbox"/>
Called to See You	Rush	<input type="checkbox"/>
Returned Your Call	Will Call Again	<input type="checkbox"/>

Message Both for and probably will come by here

DIR. UW Center for
 COSTS
Party Receiving Call
and Professor of Ag.
and applied Econ.

S. J. ...



State of Wisconsin
Tommy G. Thompson, Governor

Department of Agriculture, Trade and Consumer Protection

Alan T. Tracy, Secretary

2811 Agriculture Drive
Madison, Wisconsin 53704-6777

PO Box 8911
Madison, WI 53708-8911

DATE: August 25, 1997

TO: Board of Agriculture, Trade and Consumer Protection

FROM: Joseph E. Tregoning, Acting Secretary
Steven B. Steinhoff, Administrator,
Division of Food Safety

SUBJECT: Food and Dairy License Fees; Final Draft Rule

At the September 9, 1997 Board meeting, the department will ask the Board to approve a final draft rule to increase current license fees for dairy plants, food processing plants, food warehouses and retail food establishments. This is a more modest fee increase than the one proposed to the Board on July 22, 1997, and is merely designed to forestall a funding crisis during the 1997-1999 biennium. The department has discussed this fee increase proposal with representatives of the food and dairy industries.

Long-Term Funding Issues

The proposed fee increase will carry the department's food safety program through the current biennium, but will not resolve longer term issues related to funding and service levels under the food safety program. These issues are framed by the following basic facts:

- The department has an important responsibility to protect consumers and ensure the safety and quality of food. The food safety program is also critical for the marketing of Wisconsin food and dairy products.
- Most of the department's food safety budget is used to fund food safety inspectors. The department cannot reduce its food safety budget to any significant degree without reducing the number of inspectors. Statewide pay plans, over which the department has no control, determine the department's inspection costs.
- Most of the department's food inspection resources are devoted to inspections (mainly dairy farm inspections) that are required by law. These inspections may or may not have high food safety priority.
- Resources not devoted to mandatory inspections are being shifted to high priority food safety inspections (e.g., at food processing plants and retail food establishments). In 1990, a Special Advisory Committee on Food Safety concluded that the department should be spending more inspection time in these areas.

- The department also performs a number of service inspections, such as cheese grading audits and dairy equipment reviews. Most of these inspections are funded on a 100% user fee basis.
- The dairy industry, a major source of funding for the food safety program, continues to experience economic hardship.
- About 85% of Wisconsin dairy products are shipped out of state. Failure to perform mandatory dairy inspections will threaten interstate shipment of dairy products.
- The number of dairy farms is declining, reducing the demand for dairy farm inspections. Until recently, however, this was offset by shifts from grade B to grade A farms (which require more frequent inspections). Inspection resources have also been shifted from dairy farms to food establishments that have a higher public health priority and have been underinspected in the past.
- Inspection services provided to food and dairy industries should be reasonably proportionate to the fees paid by those industries. Segments of the food and dairy industries should not be forced to "subsidize" other industry segments. Current allocations of inspection resources are roughly proportional to fee contributions.
- In the last biennial budget, the Legislature reduced tax dollar funding for the food safety program. Tax dollars now fund about 50% of the DATCP program, rather than 60% as before. The department currently relies on license fees to fund the remaining 50% of the program. By comparison, license fees fund 100% of the cost of restaurant inspections performed by the Department of Health and Family Services.
- At current staffing and service levels, the department's food safety program will again face a funding shortfall in the 1999-2001 biennium.

Efficiency Study

The Governor's 1997-99 biennial budget proposal directed the department to perform an efficiency study on the food safety program. The department has completed a preliminary draft of that study, even though the budget directive has not yet been enacted by the Legislature. A copy of the draft efficiency study is attached. The objective of the study is to "streamline food inspection procedures and operations, and identify any cost-saving mechanisms that can be implemented." The study offers a variety of options which, if implemented, would significantly alter the food safety program. The department will review the study at the September 9 Board meeting.

Some of the changes identified in the study are within the department's control, and are being planned and implemented at this time. However, these changes will not have a major impact on program costs. Changes offering more significant cost savings will require broad industry support, because they will eliminate certain services currently provided to the food and dairy industries. Most of these changes will also require state or federal legislation, or action by other state or federal agencies.

The efficiency study will serve as the foundation for discussions with dairy and food businesses aimed at:

- Focusing department resources on regulatory activities with a clear public health link.
- Streamlining or eliminating other food and dairy regulatory services.
- Providing stable long term funding for essential or valued regulatory services.

The department has discussed the efficiency study, in a very preliminary way, with representatives of the food and dairy industries. However, far more in-depth discussion is needed. The department plans to convene a task force to discuss and recommend program directions, cost-saving measures and funding options. These discussions will require considerable soul-searching by the food and dairy industries. Task force recommendations will help shape the department's budget proposal for the 1999-2001 biennium. The task force may also identify needed changes in state or federal law. To secure changes in federal law or interstate compacts, Wisconsin will need to mobilize support from other states which may have different interests.

Current Fee Proposal; Changes from July 22 Proposal

The Board approved a draft fee proposal for public hearing on March 11, 1997. The department held four public hearings in April. The department modified the draft rule in response to hearing comments, and offered a final draft rule for Board approval on July 22, 1997. The Board tabled consideration of the proposal and directed the Department to:

- Develop a more modest fee increase proposal.
- Complete the program efficiency study.
- Discuss the efficiency study and revised fee options with dairy and food industry representatives.
- Present a revised fee proposal and draft efficiency study for the September Board meeting.

This revised draft rule offers a more modest dairy fee increase than the one offered to the Board on July 22, 1997. Other food fee increases are identical to those proposed on July 22. Proposed dairy fees were revised as follows:

- The July 22 proposal would have increased dairy producer license fees. This proposal eliminates those fee increases.
- The July 22 proposal would have increased a variety of dairy plant license fees. This proposal eliminates all of those fee increases except the increase in grade A milk procurement fees. This proposal, like the July 22 proposal, increases the grade A milk procurement fee from 0.4 cents per hundredweight to 0.6 cents per hundredweight.

MIDWEST FOOD PROCESSORS ASSOCIATION

MIDWEST PROCESSED VEGETABLES- REALITY, TRENDS AND BEST GUESSES... BY THE NUMBERS

The three states of Illinois, Minnesota and Wisconsin produce substantial amounts of the nation's processed fruits and vegetables. Among the leading products grown and/or manufactured here are: potatoes, carrots, pickles, beets, sauerkraut, pumpkin, cranberries, dry beans, jams & jellies, juices, juice drinks, puddings, pasta, sauces, salads, peas, snap beans and sweet corn. Here are a few examples of 1996 production results.

Cabbage for Kraut

WI Production- 63,020 Tons- (#1 in US) Total US 141,920 Tons

Sweet Corn For Processing

WI- 701,200 Tons (#2 in US)
IL- 137,640 Tons (#6 in US)
MN- 719,400 Tons (#1 in US) Total US- 3,296,330 Tons
WA- 680,710 tons (#3 in US)
OR- 438,080 Tons (#4 in US)

Peas for Processing

WI- 88,070 Tons (#2 in US)
MN- 123,230 Tons (#1 in US) Total US- 488,580 Tons
WA- 82,290 Tons (#3 in US)
OR- 36,240 Tons (#4 in US)

Snap Beans for Processing

IL- 73,710 Tons (#4 in US)
WI- 231,760 Tons (#1 in US) Total US- 760,170 Tons
OR- 134,100 Tons (#2 in US)

Final production amounts and quality are highly dependent upon weather, insects and field conditions.



WISCONSIN FEDERATION OF COOPERATIVES • 30 West Mifflin Street, Suite 401 • Madison, WI 53703 • Phone (608) 258-4400

Statement of John Manske, Director of Government Relations
on Dairy Fee portion of Clearinghouse Rule 97-038
to Assembly Committee on Agriculture
November 13, 1997

Thank you Mr. Chairman and members of the Assembly Committee on Agriculture for this opportunity to speak on Clearinghouse Rule 97-038. My remarks only pertain to the dairy portion of the fee rule package. They represent the position arrived at on September 5, 1997, during a meeting of WFC's Dairy Legislative and Regulatory Committee. That is our advisory group on state dairy issues, which is composed of representatives of all WFC member cooperatives.

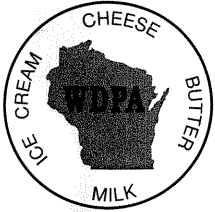
WFC believes that the revised rule package reflects DATCP's good faith efforts to temper adverse impact on the dairy industry that any fee package might otherwise deliver. While the timing of any fee increase on the dairy industry never seems "appropriate," we appreciate the fact that the department has eliminated dairy plant, Grade B procurement, and milk producer license fee increases that were included in previous drafts. That reflects the willingness of the DATCP staff and board to limit the impact on Wisconsin's most visible agricultural sector, which continues to struggle in the face of stiff national and international competition and significant dairy farm exits. It appears that the "interim" rule package before you is as lean as it can be on the revenue side, in light of statutory requirements for balanced budgets and 50% GPR / 50% Program Revenue funding for dairy and food safety programs. We support the clearinghouse rule's provisions on dairy fees as far better than previous draft rule versions. The increase in the Grade A procurement fee is projected to raise about \$360,000 from the dairy industry.

WFC supports the department's Food Safety Task Force as the appropriate next step to methodically look at all Food and Dairy Safety programs, for possible streamlining or other change. We have member representation on this task force, and we believe that the inclusion of legislators is necessary and wise. Some recommendations of the task force may require state legislative changes. Others may require action at a

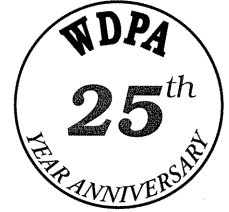
federal policy making level. The timeline of the task force will require speedy yet quality work.

If the outcome of the task force recommendations do not produce savings that help stem the rise in fees in the dairy sector, while continuing the inspection services necessary to provide assurance to the public and meet interstate milk shipping requirements, then the Legislature will very likely face renewed requests for more state resources to assist industry fees in paying for program services. We look forward to working with members of the task force and with the Legislature as we move through the critical work ahead of us.

Thank you for your attention to my remarks.



Wisconsin Dairy Products Association, Inc.



Dairy License Fee Testimony
November 13, 1997
Assembly Agriculture Committee
Presented by Brad Legreid, Executive Director

-The Wisconsin Dairy Products Association (WDPA) is presenting testimony today in regards to the Department of Agriculture, Trade & Consumer Protection (DATCP) revised proposal to increase dairy 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 fees 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 licensing 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.

-There's a state mandate that says no state agency can operate under a deficit budget. Without fee increases, the DATCP Food Division would fall into a deficit budget during this biennium.

-The Wisconsin Dairy Products Association is taking our position on dairy fees in order to make all fee increases fair and equitable.

-However, it appears that the timing isn't right for a major fee increase at this time. Due to fiscal hardships at both the plant and farm levels, the Dept. has agreed to cut back it's proposal to increase dairy fees.

-This revised proposal, which only increases grade A milk procurement fees from 0.4 cents to 0.6 cents per hundredweight, is only a stop-gap measure to get the Dept. through this biennium. The Dept. will once again be facing another financial shortfall in the 1999-2001 biennium.

-WDPA supports this revised proposal.

-WDPA members are also working closely with the Dept. on its efficiency study. Our members, along with other association's members who serve on the advisory committee. will be reviewing and suggesting ideas to streamline operations and improve cost

efficiencies.

-WDPA supports this efficiency study and will work diligently through its members on the task force.

-Only time will tell if this efficiency study will produce dramatic cost savings. Since a majority of the Dept's expenses are wrapped up in personnel (whose costs are determined by unions), and since many of the services provided by the Dept. are federally mandated, it will be interesting to see if significant cost decreases can be discovered. I believe that the industry members serving on this advisory committee will be extremely thorough and exhaustive in discovering possible cost efficiencies.

-And finally, in regards to legislative action, it would be wonderful if the Legislature increased the GPR (tax) portion of dairy fees back up to 60%. Wisconsin Dairy Products Association would be very supportive of this action. However, in this era of fiscal restraint, it appears unlikely at this time that this will occur.

-In conclusion, WDPA believes that the current proposal for increasing dairy fees is fair and equitable. WDPA members fully support the food safety programs of the Dept. of Agriculture, Trade & Consumer Protection and are willing to pay their proportionate share to fund these necessary programs.

-Thank you.



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

TO: Representative Al Ott
State Capitol, Rm. 318-N

FROM: Michelle Kussow, Manager of Government Affairs

DATE: October 14, 1997

SUBJECT: DATCP Briefing on CR 97-038

As you know, DATCP officials will attend the Committee on Agriculture hearing Thursday to brief the members on CR 97-038, which pertains to retail food inspection and dairy license fee increases.

Even though the DATCP Board has approved this course of action, the Wisconsin Grocers Association has numerous concerns with the proposed fee increases, which range from 34% to 83%, as well as the process DATCP has taken to reach the suggested increases.

For your perusal prior to the hearing, we have attached a letter dated September 5, 1997, which was sent to DATCP regarding our position on the proposed fee increases. Please keep the concerns of the grocers in the state of Wisconsin in your thoughts while listening to the information provided by DATCP.

We would be happy to meet with any, or all of the members of this committee before, during or after the hearing on Thursday. If you have any questions or comments, please call Brandon Scholz or myself at (608) 244-7150.

Thank you.

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Trig's Food & Drug
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**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.

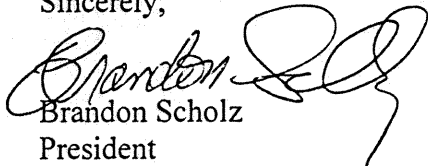
September 5, 1997
Page Two

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

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)

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

Issues Needing Industry Support and State Action

- ◆ Eliminate duplicative retail food store inspections *will cost business less!*
- ◆ 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

The Next Step: Take it Joe

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

- ◆ 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



Wisconsin Dairy Products Association, Inc.



Dairy License Fee Testimony
November 13, 1997
Assembly Agriculture Committee
Presented by Brad Legreid, Executive Director

-The Wisconsin Dairy Products Association (WDPA) is presenting testimony today in regards to the Department of Agriculture, Trade & Consumer Protection (DATCP) revised proposal to increase dairy 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 fees 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 licensing 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.

-There's a state mandate that says no state agency can operate under a deficit budget. Without fee increases, the DATCP Food Division would fall into a deficit budget during this biennium.

-The Wisconsin Dairy Products Association is taking our position on dairy fees in order to make all fee increases fair and equitable.

-However, it appears that the timing isn't right for a major fee increase at this time. Due to fiscal hardships at both the plant and farm levels, the Dept. has agreed to cut back it's proposal to increase dairy fees.

-This revised proposal, which only increases grade A milk procurement fees from 0.4 cents to 0.6 cents per hundredweight, is only a stop-gap measure to get the Dept. through this biennium. The Dept. will once again be facing another financial shortfall in the 1999-2001 biennium.

-WDPA supports this revised proposal.

-WDPA members are also working closely with the Dept. on its efficiency study. Our members, along with other association's members who serve on the advisory committee. will be reviewing and suggesting ideas to streamline operations and improve cost

efficiencies.

-WDPA supports this efficiency study and will work diligently through its members on the task force.

-Only time will tell if this efficiency study will produce dramatic cost savings. Since a majority of the Dept's expenses are wrapped up in personnel (whose costs are determined by unions), and since many of the services provided by the Dept. are federally mandated, it will be interesting to see if significant cost decreases can be discovered. I believe that the industry members serving on this advisory committee will be extremely thorough and exhaustive in discovering possible cost efficiencies.

-And finally, in regards to legislative action, it would be wonderful if the Legislature increased the GPR (tax) portion of dairy fees back up to 60%. Wisconsin Dairy Products Association would be very supportive of this action. However, in this era of fiscal restraint, it appears unlikely at this time that this will occur.

-In conclusion, WDPA believes that the current proposal for increasing dairy fees is fair and equitable. WDPA members fully support the food safety programs of the Dept. of Agriculture, Trade & Consumer Protection and are willing to pay their proportionate share to fund these necessary programs.

-Thank you.

MIDWEST FOOD PROCESSORS ASSOCIATION

MIDWEST PROCESSED VEGETABLES- REALITY, TRENDS AND BEST GUESSES... BY THE NUMBERS

The three states of Illinois, Minnesota and Wisconsin produce substantial amounts of the nation's processed fruits and vegetables. Among the leading products grown and/or manufactured here are: potatoes, carrots, pickles, beets, sauerkraut, pumpkin, cranberries, dry beans, jams & jellies, juices, juice drinks, puddings, pasta, sauces, salads, peas, snap beans and sweet corn. Here are a few examples of 1996 production results.

Cabbage for Kraut

WI Production- 63,020 Tons- (#1 in US) Total US 141,920 Tons

Sweet Corn For Processing

WI- 701,200 Tons (#2 in US)
IL- 137,640 Tons (#6 in US)
MN- 719,400 Tons (#1 in US) Total US- 3,296,330 Tons
WA- 680,710 tons (#3 in US)
OR- 438,080 Tons (#4 in US)

Peas for Processing

WI- 88,070 Tons (#2 in US)
MN- 123,230 Tons (#1 in US) Total US- 488,580 Tons
WA- 82,290 Tons (#3 in US)
OR- 36,240 Tons (#4 in US)

Snap Beans for Processing

IL- 73,7100 Tons (#4 in US)
WI- 231,760 Tons (#1 in US) Total US- 760,170 Tons
OR- 134,100 Tons (#2 in US)

Final production amounts and quality are highly dependent upon weather, insects and field conditions.

*Carrots
beets
potatoes*



State of Wisconsin
Tommy G. Thompson, Governor

Department of Agriculture, Trade and Consumer Protection

Alan T. Tracy, Secretary

2811 Agriculture Drive
Madison, Wisconsin 53704-6777

PO Box 8911
Madison, WI 53708-8911

DATE: August 25, 1997

TO: Board of Agriculture, Trade and Consumer Protection

FROM: Joseph E. Tregoning, Acting Secretary
Steven B. Steinhoff, Administrator,
Division of Food Safety

SUBJECT: Food and Dairy License Fees; Final Draft Rule

At the September 9, 1997 Board meeting, the department will ask the Board to approve a final draft rule to increase current license fees for dairy plants, food processing plants, food warehouses and retail food establishments. This is a more modest fee increase than the one proposed to the Board on July 22, 1997, and is merely designed to forestall a funding crisis during the 1997-1999 biennium. The department has discussed this fee increase proposal with representatives of the food and dairy industries.

Long-Term Funding Issues

The proposed fee increase will carry the department's food safety program through the current biennium, but will not resolve longer term issues related to funding and service levels under the food safety program. These issues are framed by the following basic facts:

- The department has an important responsibility to protect consumers and ensure the safety and quality of food. The food safety program is also critical for the marketing of Wisconsin food and dairy products.
- Most of the department's food safety budget is used to fund food safety inspectors. The department cannot reduce its food safety budget to any significant degree without reducing the number of inspectors. Statewide pay plans, over which the department has no control, determine the department's inspection costs.
- Most of the department's food inspection resources are devoted to inspections (mainly dairy farm inspections) that are required by law. These inspections may or may not have high food safety priority.
- Resources not devoted to mandatory inspections are being shifted to high priority food safety inspections (e.g., at food processing plants and retail food establishments). In 1990, a Special Advisory Committee on Food Safety concluded that the department should be spending more inspection time in these areas.

- The department also performs a number of service inspections, such as cheese grading audits and dairy equipment reviews. Most of these inspections are funded on a 100% user fee basis.
- The dairy industry, a major source of funding for the food safety program, continues to experience economic hardship.
- About 85% of Wisconsin dairy products are shipped out of state. Failure to perform mandatory dairy inspections will threaten interstate shipment of dairy products.
- The number of dairy farms is declining, reducing the demand for dairy farm inspections. Until recently, however, this was offset by shifts from grade B to grade A farms (which require more frequent inspections). Inspection resources have also been shifted from dairy farms to food establishments that have a higher public health priority and have been underinspected in the past.
- Inspection services provided to food and dairy industries should be reasonably proportionate to the fees paid by those industries. Segments of the food and dairy industries should not be forced to "subsidize" other industry segments. Current allocations of inspection resources are roughly proportional to fee contributions.
- In the last biennial budget, the Legislature reduced tax dollar funding for the food safety program. Tax dollars now fund about 50% of the DATCP program, rather than 60% as before. The department currently relies on license fees to fund the remaining 50% of the program. By comparison, license fees fund 100% of the cost of restaurant inspections performed by the Department of Health and Family Services.
- At current staffing and service levels, the department's food safety program will again face a funding shortfall in the 1999-2001 biennium.

Efficiency Study

The Governor's 1997-99 biennial budget proposal directed the department to perform an efficiency study on the food safety program. The department has completed a preliminary draft of that study, even though the budget directive has not yet been enacted by the Legislature. A copy of the draft efficiency study is attached. The objective of the study is to "streamline food inspection procedures and operations, and identify any cost-saving mechanisms that can be implemented." The study offers a variety of options which, if implemented, would significantly alter the food safety program. The department will review the study at the September 9 Board meeting.

Some of the changes identified in the study are within the department's control, and are being planned and implemented at this time. However, these changes will not have a major impact on program costs. Changes offering more significant cost savings will require broad industry support, because they will eliminate certain services currently provided to the food and dairy industries. Most of these changes will also require state or federal legislation, or action by other state or federal agencies.

The efficiency study will serve as the foundation for discussions with dairy and food businesses aimed at:

- Focusing department resources on regulatory activities with a clear public health link.
- Streamlining or eliminating other food and dairy regulatory services.
- Providing stable long term funding for essential or valued regulatory services.

The department has discussed the efficiency study, in a very preliminary way, with representatives of the food and dairy industries. However, far more in-depth discussion is needed. The department plans to convene a task force to discuss and recommend program directions, cost-saving measures and funding options. These discussions will require considerable soul-searching by the food and dairy industries. Task force recommendations will help shape the department's budget proposal for the 1999-2001 biennium. The task force may also identify needed changes in state or federal law. To secure changes in federal law or interstate compacts, Wisconsin will need to mobilize support from other states which may have different interests.

Current Fee Proposal; Changes from July 22 Proposal

The Board approved a draft fee proposal for public hearing on March 11, 1997. The department held four public hearings in April. The department modified the draft rule in response to hearing comments, and offered a final draft rule for Board approval on July 22, 1997. The Board tabled consideration of the proposal and directed the Department to:

- Develop a more modest fee increase proposal.
- Complete the program efficiency study.
- Discuss the efficiency study and revised fee options with dairy and food industry representatives.
- Present a revised fee proposal and draft efficiency study for the September Board meeting.

This revised draft rule offers a more modest dairy fee increase than the one offered to the Board on July 22, 1997. Other food fee increases are identical to those proposed on July 22. Proposed dairy fees were revised as follows:

- The July 22 proposal would have increased dairy producer license fees. This proposal eliminates those fee increases.
- The July 22 proposal would have increased a variety of dairy plant license fees. This proposal eliminates all of those fee increases except the increase in grade A milk procurement fees. This proposal, like the July 22 proposal, increases the grade A milk procurement fee from 0.4 cents per hundredweight to 0.6 cents per hundredweight.

Summary of Current Fee Proposal

The final draft rule revises current license fees for dairy plants, food processing plants, food warehouses and retail food establishments. This includes changes in "reinspection fees" charged when a rule violation makes it necessary for the department to reinspect a licensed facility. The fee changes are summarized in the following tables:

Milk Procurement Fee. The increased fee, which is paid monthly, takes effect on the effective date of the rule.

Category	Current Procurement Fee	Proposed Procurement Fee
Grade A	0.4 Cents per Hundredweight	0.6 Cents per hundredweight
Grade B	0.2 Cents per Hundredweight	NO CHANGE; remains at 0.2 Cents per hundredweight.

Food Processing Plant License Fees. The increased license fees will apply to licenses issued or renewed on or after the effective date of the rule.

Category	Current License Fee	Proposed License Fee
Annual production of \$25,000 or more but less than \$250,000 and is engaged in processing potentially hazardous food	\$120	\$250
Annual production of \$250,000 or more and is engaged in processing potentially hazardous food	\$270	\$525
Annual production of \$25,000 or more but less than \$250,000 and is not engaged in processing potentially hazardous food or in canning	\$50	\$100
Annual production of \$250,000 or more and is not engaged in processing potentially hazardous food or in canning	\$110	\$325
Annual production of less than \$25,000	\$40	\$60

Food Processing Plant Reinspection Fees. The increased fees will apply to reinspections made on or after the effective date of the rule.

Category	Current Reinspection Fee	Proposed Reinspection Fee
Annual production of \$25,000 or more but less than \$250,000 and is engaged in processing potentially hazardous food	\$80	\$170
Annual production of \$250,000 or more and is engaged in processing potentially hazardous food	\$180	\$350
Annual production of \$25,000 or more but less than \$250,000 and is not engaged in processing potentially hazardous food or in canning	\$50	\$100
Annual production of \$250,000 or more and is not engaged in processing potentially hazardous food or in canning	\$110	\$325

Retail Food Establishment License Fees. The increased license fees will apply to licenses issued or renewed on or after the effective date of the rule.

Category	Current License Fee	Proposed License Fee
Annual food sales of \$25,000 or more but less than \$1,000,000 and that processes potentially hazardous food	\$90	\$175
Annual food sales of \$1,000,000 or more and that processes potentially hazardous food	\$210	\$450
Annual food sales of \$25,000 or more an that is engaged in food processing but does not process potentially hazardous food	\$80	\$125
Annual food sales of less than \$25,000 and that is engaged in food processing	\$40	\$60
Not engaged in food processing	\$20	\$30

Retail Food Establishment Reinspection Fees. The reinspection fee increases will apply to reinspections made on or after the effective date of the rule.

Category	Current Reinspection Fee	Proposed Reinspection Fee
Annual food sales of \$25,000 or more but less than \$1,000,000 and that processes potentially hazardous food	\$60	\$125
Annual food sales of \$1,000,000 or more and that processes potentially hazardous food	\$140	\$300
Annual food sales of \$25,000 or more an that is engaged in food processing but does not process potentially hazardous food	\$80	\$125
Annual food sales of less than \$25,000 and that is engaged in food processing	\$40	\$60
Not engaged in food processing	\$50	\$60

Food Warehouse License Fees. The license fee increases will apply to licenses issued or renewed on or after the effective date of the rule.

Category	Current License Fee	Proposed License Fee
Stores potentially hazardous food and has fewer than 50,000 square feet of storage area	\$50	\$75
Stores potentially hazardous food and has 50,000 square feet or more of storage area	\$100	\$200
Does not store potentially hazardous food and has fewer than 50,000 square feet of storage area	\$25	\$50
Does not store potentially hazardous food and has 50,000 square feet or more of storage area	\$50	\$100

Food Warehouse Reinspection Fees. The reinspection fee increases will apply to reinspections made on or after the effective date of the rule.

Category	Current Reinspection Fee	Proposed Reinspection Fee
Stores potentially hazardous food and has fewer than 50,000 square feet of storage area	\$50	\$75
Stores potentially hazardous food and has 50,000 square feet or more of storage area	\$100	\$200
Does not store potentially hazardous food and has fewer than 50,000 square feet of storage area	\$50	\$100
Does not store potentially hazardous food and has 50,000 square feet or more of storage area	\$100	\$200

Fiscal Estimate

This rule will increase local government costs for 15 agent cities and counties. The combined cost increase for all 15 agent cities and counties will be about \$16,000 per year. City and county health departments that license and inspect retail food establishments on behalf of the department may set their own license fees. However, they must reimburse the department, for support services, an amount equal to 20% of the department's statewide license fee. This rule will increase local reimbursement payments beginning with licenses issued for fiscal year 2000. A copy of the fiscal estimate is attached.

Small Business Impact

License fee increases will affect small businesses. The department has attempted to accommodate small businesses and provide a reasonably fair and equitable license fee schedule. In general, 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. A small business analysis (final regulatory flexibility analysis) is attached.

Next Steps

If the Board approves this final draft rule, the department will transmit the final draft to the Legislature for review by appropriate legislative committees. If the Legislature takes no action to stop the rule, the Secretary will sign the final rulemaking order and transmit it for publication. The rule will take effect upon publication in the Wisconsin Administrative Register unless the final draft rule specifies a later effective date.

The department projects an effective date of March 1, 1998. Agent cities and counties will not be required to reimburse the department based on the department's new retail food establishment license fees until fiscal year 2001.

STATE OF WISCONSIN

To AL

Date 11/12/97 Time 11:50

WHILE YOU WERE OUT

M Bob Broadbeck

of Dick's Supermarkets

Phone 608-348-2343

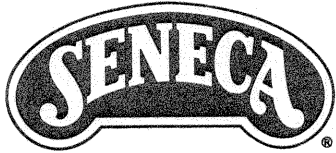
Telephoned	<input checked="" type="checkbox"/>	Please Call	
Called to See You		Rush	
Returned Your Call		Will Call Again	

Message - Taken back on increasing
licensing fees.
- Reconsider Position
- Do not increase!

KM
Party Receiving Call



NOV 06 1997



Seneca Foods Corporation

Vegetable Division

November 4, 1997

Representative Al Ott
PO Box 8953
Madison, WI 53708

Dear Representative Ott:

I would like to express my concern over the 94% increase in operation license fees levied by WDATCP for our processing plants in Wisconsin.

What is the justification for this near double the cost fee assessment?

Are additional food safety inspectors required to inspect substantially fewer processing locations than a decade ago? The processed vegetable industry in Wisconsin has a food safety record second to none.

With tight fiscal restraints at every level of agriculture within the state, it makes no sense to target one segment of the industry for unfair assessments.

Thank you for your considerations on this issue.

Sincerely,

A handwritten signature in cursive script that reads "Ray Henschler".

R. Henschler
Seneca Foods Corporation

NOV 10 1997



Del Monte Foods
P.O. Box 98
622 East Main Street
Arlington, Wisconsin 53911
Telephone: (608) 635-4301
Fax: (608) 635-4215

November 5, 1997

Al Ott
PO Box 8953
Madison, WI 53708

It is with great importance that we communicate our objection to licensing fee increases as proposed by the Wisconsin Department of Agriculture, Trade and Consumer Protection.

As Plant Manager of Del Monte's Arlington Wisconsin Facility, I must inform you that we have struggled here at Arlington to prevent closure through consolidation with other Del Monte facilities. Although Del Monte has other processing plants in this state, they are snap bean plants and we process sweet corn, peas, and sauerkraut. Therefore any consolidation would mean that our production would be shifted to facilities outside of Wisconsin. This would have tremendous impact on our employees, our growers and their families.

It is important to our existence that we are able to compete not only with other companies but also with our sister plants in other states.

We know this is a great state to live and work. Please help us convince our California management team that Arlington, Wisconsin is a great place to process sweet corn, peas and sauerkraut by denying this increase.

Sincerely,

A handwritten signature in cursive script that reads "Ward Stevens".

Ward Stevens
Plant Manager
Del Monte Corporation



NOV 07 1997

Del Monte Foods
Plant No. 107
P.O. Box 729
Plover, WI 54467-0729
(715) 344-8285

November 06, 1997

Representative Al Ott, Chairman
P O Box 8953
Madison, WI 53708

Dear Al:

This letter is in response to 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%. This fee increase of \$270.00 per plant location would be effective next year.

Del Monte has three food processing plants in Wisconsin. One at Markesan, Arlington, and at Plover, which is where I reside. Each of the plants have 50-70 full time employees and employ 500-700 seasonal employees. We also have raw product grower payments of 8-10 million dollars/year. We are proud to be located in Wisconsin, and feel our employees and grower base also feel that way. The question is, why does the Department of Ag and the Legislature not look at us in the same light.

A fee increase, such as proposed, singles out the food processors in the state since it appears the dairy industry has been exempted. We are being forced, against our wishes and contrary to previous testimony and communication with the department, to pay this substantial increase.

We obviously object and would hope that you would consider dropping this proposed fee increase. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Roman Hintz".

Roman Hintz
Operations Manager

RDH:kh



DEAN FOODS VEGETABLE COMPANY

NOV 07 1997

W8880 County Road X • Darien, WI 53114 • Phone 414-724-3266 • Fax 414-724-5279

November 5, 1997

Representative Al Ott
PO Box 8953
Madison, WI 53708

Dear Sir:

Dean Foods Vegetable Company, a member of the Midwest Food Processors Association (MWFPA) hereby requests a public hearing on Clearinghouse Rule 97-38 (relating to food and dairy license fees) before the Assembly Agriculture Committee. This Rule, promulgated by WDATCP, increases Food Processing license fees by 94%.

Dean Foods Vegetable Company, along with the MWFPA, the association of vegetable canners and freezers, strongly opposes these fee increases. Despite 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.

Dean Foods Vegetable Company has always been a leader in food safety in Wisconsin and has been supportive of the department's food safety efforts in the past. Dean Foods Vegetable Company has participated in 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.

Dean Foods Vegetable Company 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,

DEAN FOODS VEGETABLE COMPANY

Tom Timm
Plant Manager

TT/dr