

HOUSE BILL REPORT

HB 2887

As Reported By House Committee On:
Agriculture & Ecology
Appropriations

Title: An act relating to identification of livestock.

Brief Description: Identifying livestock.

Sponsors: Representatives Chandler, Honeyford and Schoesler.

Brief History:

Committee Activity:

Rules: 2/2/98, 2/4/98 [DPS];

Appropriations: 2/7/98 [DPS(AGEC)].

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Chandler, Chairman; Parlette, Vice Chairman; Schoesler, Vice Chairman; Delvin; Mastin and Sump.

Minority Report: Without recommendation. Signed by 4 members: Representatives Linville, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Cooper and Koster.

Staff: Kenneth Hirst (786-7105).

Background: The state's livestock identification program is administered by the Washington State Department of Agriculture (WSDA). The program includes the registration and recording of brands, the inspection of cattle and horses for brands and the collection of brand inspection fees, the issuance of certificates identifying individual horses or cattle, the registration of individual identification symbols for horses and other livestock identification activities. Until July 1, 1998, the fee for inspecting cattle at a mandatory inspection point is set by statute at 75 cents per head. Beginning July 1, 1998, the fee is reduced to 60 cents per head. For inspecting horses at these points, the fee is set by the WSDA at not more than \$3 per head until July 1, 1998; thereafter, the fee may be not more than \$2.40 per head.

Certified Feed Lots; Livestock Markets. The WSDA also administers a licensing program for feed lots and public livestock markets. With certain exceptions, cattle entering or re-entering a certified feed lot must be inspected for brands. Until July 1, 1998, the annual licensing fee for a certified feed lot is \$750. Beginning July 1, 1998, the licensing fee is reduced to \$600. A person operating a certified feed lot must also pay a fee for each head of cattle handled through the feed lot. Until July 1, 1998, the fee is 15 cents per head. Beginning July 1, 1998, the fee is reduced to 12 cents per head. For public livestock markets, the licensing fee is based on the daily average gross sales volume of the market. Until July 1, 1998, the licensing fees range from \$150 to \$450; thereafter, the fee range is reduced to \$120 to \$360. The department's responsibilities under the public livestock market statutes include sanitation and disease control.

The fees collected under the statutes for livestock identification, certified feed lots, and public livestock markets are deposited in the Agricultural Local Fund and used for the livestock identification and licensing program.

Summary of Substitute Bill: Board. A state Livestock Identification Board is created. The board is composed of five members appointed by the Governor. It includes one beef producer, one cattle feeder, one dairy producer, one livestock market owner, and one horse producer. Nominations for these appointments may be submitted by organizations representing these groups for the Governor's consideration. Members serve three year terms, although three of the initial appointments are for two year terms to provide staggered terms of office. Members of the board may receive up to \$50 per day in compensation and are to receive reimbursement for their travel expenses when carrying out duties as members of the board.

Programs Transferred. Responsibility for the administration of the following programs is transferred from the WSDA to the board: the livestock identification program; the certified feed lot licensing program; and the licensing and regulation of public livestock markets. The WSDA retains jurisdiction under the livestock market statutes regarding certain sanitation, disease control, testing, and inoculation requirements. The board must contract with the WSDA for registration and recording services and for investigation or inspection work and may hire staff. The officers and employees of the board are exempted from the state Civil Service Law.

Inspections by Veterinarians. The board may enter into livestock inspection agreements with state licensed and accredited veterinarians who have been certified by the board. Veterinarians providing livestock inspection may charge a fee for livestock inspection that is separate from the fees collected for the board for the service. The board may adopt rules necessary to implement this inspection program and may adopt fees to cover the cost associated with certifying veterinarians.

Inspections. References to "brand" inspection in the livestock statutes are changed to references to "livestock" inspection. Inspection is expressly not required for any individual private sale of unbranded dairy breed milk production cattle involving 15 head or less.

Account. A Livestock Identification Account is created in the state treasury. Monies collected under the livestock identification program and the statutes regulating certified feed lots and public livestock markets are deposited in the account and used by the board. The account is not subject to appropriation.

Fees. Of the fees used for the livestock identification program and currently scheduled to be reduced on July 1, 1998, only the fee on cattle handled through a certified feed lot is reduced as scheduled. The remainder will not change on that date. The fee for recording a brand and the fee for renewing the brand registration are each increased to \$70 per two year period (from \$25 for the period). The late filing fee for such a renewal is set at \$20.

Early Actions. The Governor is authorized to make appointments and proposed contracts may be developed prior to the effective date of the bill to provide an orderly transition of authority.

Substitute Bill Compared to Original Bill: A requirement of the original bill that the Governor's appointments to the board be made from lists submitted by industry organizations is replaced in the substitute with the authority of such organizations to submit nominations for consideration by the Governor. The substitute bill also: directs the board to contract with the department for the administration of the livestock identification program; authorizes veterinarians to become certified by the board to conduct livestock identification and to collect fees for the service; removes the exemption from personal service contract laws provided by the original bill; and establishes an effective date and authorizes certain actions prior to the effective date.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect on July 1, 1998.

Testimony For: (1) A brand program is necessary in this state and for transactions in Idaho or Oregon. All segments of the industry must pay for the program. (2) Brands are used by banks as part of their collateral agreements. (3) Those who pay into the inspection program should have representation on the board.

Testimony Against: (1) Dairy calves are sold for almost nothing; the auction yard fees for such sales may exceed the sale price. These sales should be exempted from the

inspection fees. (2) Seventy percent of the animals in a feed lot are owned by the customers of the feed lot, not by the feed lot. Some inspection service should be provided for the 15 cents per head audit fee paid by the feed lots and feed lots should be required to adhere to the brand inspection laws. (3) The fee for each head of cattle handled in a feed lot should be repealed, not just reduced. (4) The board does not contain representation for the meat processing industry or for the public. (5) Contracting out a program that is now staffed by civil servants and, under the original bill, displacing those workers violates the Civil Service Law and the costs of laying these workers off will be very costly to the WSDA. (6) The original bill's requirement that the Governor make appointments from lists submitted by private organizations is unconstitutional. (7) The bill does not contain the revisions to the administration of the program recommended by the WSDA. (8) The provisions of current laws regarding strays should be transferred to the board.

Testified: Neil Kaiser and Bruce Cameron, Washington Cattlemen's Association; and Eddie Armstrong, Washington Horse Council (in favor). Vic Jensen, Larry Kytote, Tony Velga, and Robert Dickey (concerns). Mike Schwisow, Washington State Cattle Feeders Association; and Mary Beth Lang, Department of Agriculture (opposed).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Agriculture & Ecology be substituted therefor and the substitute bill do pass. Signed by 20 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; Benson; Carlson; Cooke; Crouse; Grant; Lambert; Lisk; Mastin; McMorris; Parlette; Poulsen; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

Minority Report: Do not pass. Signed by 9 members: Representatives H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Chopp; Cody; Keiser; Kenney; Kessler and Regala.

Staff: Jason Hall (786-7145).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Agriculture & Ecology: No new changes were recommended.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect on July 1, 1998.

Testimony For: None.

Testimony Against: None.

Testified: None.