

M I N U T E S

SPECIAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

July 8 and 9, 1976

Room 514 - State House

Members Present

Representative John Vogel, Chairman
Senator Don Christy, Vice-Chairman
Representative Clifford Campbell
Representative Rex Crowell
Representative Ambrose Dempsey
Representative Walter Graber
Representative Lee Hamm

Staff Present

Donald L. Jacka, Jr., Legislative Research Department
Don Hayward, Revisor of Statutes Office
John Rowe, Legislative Research Department

Conferees and Guests Present

Dwight Beckwith, Kansas Meat Processor's Association (KMPA)
Richard Tuenge, Secretary, Minnesota Meat Processor's Association, Stillwater, Minnesota
James Sheik, President, State Bank of Bern
Nelson Buckles, Buckels Frozen Food Center
Mrs. Harry Bingham, Sabetha, Kansas
Frank Buehler, Buehler Market, Claflin, Kansas
Emmett Schuetz, Schuetz Meat Produce and Locker Company, Atchison, Kansas
Owen Redmond, Attorney, Wichita, Kansas
Jim Petr, Department of Agriculture, Meat and Poultry Inspection Division
John Meetz, Kansas Livestock Association
Norman Sherman, Coldwater Lockers
Jack McCawley, Pratt, Kansas
Winston B. Harwood, Harwood Wholesale Meats
Tom Pyle, Eudora, Kansas
William Duitsman, Secretary of Agriculture (effective August 1, 1976)
Edward Swinford, Exchange Bank, Atchison
John Blythe, Kansas Farm Bureau
Harold Long, Farmers Home Administration
John O'Neil, State Sealer
Art Sommer, Kansas Seed Dealers

July 8, 1976

Morning Session

Chairman John Vogel called the meeting to order and noted that the subject of the days meeting would be Proposal No. 1 -- concerning meat and poultry inspection. The Chairman noted that in the Committee study of this proposal much concern should be directed to the impact which federal legislation will have on the small locker and processing facilities in communities of Kansas. He noted that the day's meeting would be spent hearing testimonies relative to such impact.

Following his opening remarks, Chairman Vogel asked Dwight Beckwith, President of the Kansas Meat Processors Association, to present his association's testimony. Mr. Beckwith noted that his association would be represented by remarks presented by a number

of individuals. Mr. Beckwith then proceeded with various introductory remarks emphasizing the fact that a fair evaluation of meat inspection program in Kansas is the goal of his group's testimony. He continued that lockers and meat processing plants vary in size and method of operation but that they all have many things in common. Mr. Beckwith then discussed some of those common factors -- of which six were enumerated:

- 1) performing a unique service to the community;
- 2) making available sides of beef to outlets within the community;
- 3) marketing meat for small farmers;
- 4) employment and economic support for small communities;
- 5) wholesale service to restaurants, institutions, schools, etc.;
- 6) constantly increasing and upgrading physical facilities.

A copy of Mr. Beckwith's statement is appended as Attachment I.

Following his introductory remarks Mr. Beckwith introduced Mr. Richard Tuenge, Secretary of the Minnesota Meat Processors Association, Stillwater, Minnesota. Mr. Tuenge then proceeded to evaluate, for the Committee, the Minnesota program of meat inspection following the federal takeover on May 17, 1971. He noted that immediately after the takeover five plants went out of business, 30 plants discontinued commercial slaughtering and limited their slaughter operations to custom slaughtering, 35 plants discontinued wholesale sales of meat and limited their sales to retail and 16 sausage plants discontinued wholesale sales and limited their sales to retail. Mr. Tuenge stated that prior to the federal takeover, his association had worked very closely with the Minnesota Department of Agriculture and the state inspection program. Mr. Tuenge was very complimentary of the Minnesota inspection program. Mr. Tuenge then noted various examples of confusion relative to the implementation of the rule of reason and federal structural standards in Minnesota following the federal takeover. He noted that there was much inconsistency and difference of opinions among federal inspectors which resulted in various complaints from the processors of the state. In closing, Mr. Tuenge urged the Kansas Legislature to retain their state inspection system. A copy of Mr. Tuenge's statement is appended as Attachment II. Following his presentation, the Committee questioned Mr. Tuenge concerning the federal takeover of Minnesota's meat and poultry inspection. In response to a question posed by a member of the Committee, Mr. Tuenge noted that there are presently approximately 350 plants in the state, but that there had been about 400 before the federal program was initiated. In response to another Committee member's questioning, Mr. Tuenge noted that although there was a time period allowed by federal government to bring plants into compliance, this time restriction had caused hardships on a number of plants undergoing structural facility changes. In response to further questioning, Mr. Tuenge stated that in Minnesota following the federal takeover of the meat and poultry inspection program, in his opinion, the quality of meat had fallen. Mr. Tuenge continued that as a result of the federal inspection program response to various inquiries made by members of the meat processing industry in Minnesota was very slow in taking place.

Following the questions entertained by Mr. Tuenge, Mr. Beckwith introduced the next conferee to give testimony for his association. Mr. Beckwith called upon Mr. James Sheik, President of the State Bank of Bern. Mr. Sheik presented written testimony which is appended as Attachment III. Mr. Sheik presented testimony concerning the value of the Bern Meat Lockers to the town of Bern. He noted that there are small communities throughout Kansas which would suffer severely if anything should be done to negatively affect the economic ability of the meat processing plants and lockers to function in Kansas. Mr. Sheik noted that from his discussion with members of the meat processing association he learned that certain structural adaptations which would impose economic hardship upon meat processing facilities would be required by federal legislation. In closing, Mr. Sheik stated that he believed that the state program of meat and poultry inspection is operating sufficiently and that nothing should be done to jeopardize the economic health of the small, agriculturally oriented, rural communities.

Following Mr. Sheik's presentation a number of questions were asked of him by members of the Committee. Following questions by members of the Committee, Mr. Sheik noted that the economic backbone of the City of Bern -- the meat processing plant and the pet food plant -- would be severely injured by the implementation of a federal meat inspection program.

Mr. Beckwith then introduced Mr. Nelson Buckles, operator of Buckles Frozen Food Center in Independence, Kansas. Mr. Buckles distributed copies of his testimony to the members of the Committee. This testimony is appended as Attachment IV. Mr. Buckles noted that he had been operating his locker and processing plant in Independence for 29 years and felt that the elimination of the state inspection program would be a mistake. Mr. Buckles noted that if the state program should be discontinued and the the federal program instituted, certain structural requirements of the federal program would require him to adopt a custom exempt status, resulting in a considerable loss of business. He continued by noting that any increase in cost to his operation would result in an increase of the cost of his services to the customers. In closing, Mr. Buckles stated that Kansas has a very good inspection program and stressed the fact that it should be maintained.

Following his presentation Mr. Buckles was asked a number of questions by members of the Committee. One question concerned certain of the structural adaptations required by federal regulations. Mr. Buckles noted that bleeding rails are required by the federal act to be 16 feet from the ground. He noted that this requirement would be necessary for facilities slaughtering very large animals. But he stated that in his operation such animals are not slaughtered and if they would be they would be quartered or halved first.

At the conclusion of Mr. Buckles presentation, Mr. Beckwith introduced the next conferee to give testimony relative to Proposal No. 1. Mr. August Noll from Winchester, a farmer-stockman and county commissioner of that area, was then introduced by Mr. Beckwith. He had no prepared remarks for the Committee but noted in his presentation that the processing plant in Winchester is an asset to the community and is very adequate in its physical facility. He emphasized that there is an excellent quality product being produced by that plant and that a large volume of meat is sold through the plant. Mr. Noll emphasized that he would not want to see anything done which would hurt the operation of the plant in Winchester and he emphasized that the Kansas Legislature should continue its support for the present meat and poultry inspection program.

Mr. Beckwith then called on the next conferee to give testimony for his association. Mr. Frank Buehler, of Claflin, appeared before the Committee and submitted written testimony. This testimony is appended as Attachment V. Mr. Buehler proceeded in presenting various statistics relative to the operation of his meat processing facility. The point of the statistics presented was that 65% of the work which Mr. Buehler's plant presently accomplishes requires inspection. He noted that this would mean that his plant would have to be under either a federal or state inspection program to maintain the 65% of his workload requiring inspection. If the federal legislation were to be adopted and a federal program implemented within the State of Kansas, Mr. Buehler noted that he could not afford to become a custom plant and lose 65% of his business. He explained that if the federal program were to be adopted in Kansas and if he wanted to continue his business at the same level, he would need to be inspected and would be required to undergo the structural changes mandated by the federal program.

In further discussion, Mr. Buehler noted that his plant sent approximately \$610 per month in sales tax to the state. He also noted that his 1975 payroll without the owners salary was approximately \$30,000. He surmized that these two figures alone indicate that the meat processing industry is an asset to the economics of Kansas. In closing, Mr. Buehler noted that the Kansas inspection program is operating on a very commendable basis and that once this program would be repealed and a federal program instituted there would be no return to a state program.

Mr. Beckwith then introduced Mrs. Harry Bingham of Sabetha. Mrs. Bingham's testimony is appended as Attachment VI. Mrs. Bingham told the Committee that she and her husband operate a small registered and commercial cattle herd of approximately 75. She then emphasized the important role which a small meat processing facility serves in local communities of Kansas. She spoke specifically about the Sabetha meat processing facility. She noted that there are many such small town businesses throughout the state

which have beneficial input into the communities. She continued by noting that to repeal the state inspection program and transfer the performance of such program to the federal government would result in the transferring of more of the state powers to the federal government. She felt that this would not be of benefit to the State of Kansas. She continued that the legislature of the state should maintain the meat and poultry inspection program conducted by the state.

Mr. Beckwith then introduced Mr. Emmett Schuetz of Atchison, who submitted a written statement from the Atchison Chamber of Commerce. This statement is appended as Attachment VII. The statement was then read by Mr. Schuetz to the Committee. Basically, this letter indicated that the adoption of federal meat and poultry inspection program would cause hardship to a number of facilities in the Atchison area and that such federal program should be avoided. The Atchison Area Chamber of Commerce noted that if the adoption of a federal meat and poultry inspection program would cause the financial demise of the small meat processing facilities in the state then such a federal program should be avoided.

Following Mr. Schuetz's presentation of the Atchison Area Chamber of Commerce statement, Mr. Beckwith noted that the Kansas Meat Processors Association had not planned on any other testimony during the morning session. Chairman Vogel then asked if there was anyone in the audience who wished to appear before the Committee concerning Proposal No. 1. Mr. Owen Redmond, an attorney from Wichita, representing Foley Meats of Wichita, then asked to be heard. Mr. Redmond noted that Foley Meats of Wichita operated as a Talmadge-Aiken plant because such operation would allow them to sell meat interstate and be inspected by state personnel. Mr. Redmond noted that he was in favor of maintaining a state meat and poultry inspection program but that he was also in favor of maintaining a Talmadge-Aiken option of meat and poultry inspection.

In discussion following Mr. Redmond's testimony, members of the Committee asked for explanation concerning the T/A plants. Mr. Petr, of the State Board of Agriculture, explained the process and functioning of Talmadge-Aiken plants and noted that there are presently six T/A plants operating within the state. In a continued discussion, members of the Committee asked the Kansas Meat Processor's Association if other plants within the state, which were not members of the association, felt the same way that the plants which had been represented feel. Mr. Beckwith noted that he thought there was a general concensus of feeling among the plants of the state. At the conclusion of a brief discussion, the Committee was adjourned for noon recess to reconvene at 1:30 p.m.

Afternoon Session

Chairman Vogel called the meeting to order at 1:30 p.m. and asked Mr. Beckwith to continue with his Association's presentation to the Committee. Mr. Beckwith thanked the Chairman and Committee for allowing him to be heard and introduced Mr. John Meetz, representing the Kansas Livestock Association. Mr. Meetz spoke in support of continuing the Kansas meat and poultry inspection program. He noted that small plants throughout Kansas are doing a real service to communities and the economy of Kansas. Following his presentation a member of the Committee asked if Mr. Meetz thought that there would be a cutback in the consumption of meat as a result of a transfer from the state inspected meat and poultry program to a federally inspected program. Mr. Meetz noted he could not answer the question with statistical proof but that he felt that such a transfer would have this effect.

The next conferee to testify in conjunction with the Kansas Processor's Association testimony was Mr. Norman Sherman of Coldwater. Mr. Sherman presented a letter from his accountant regarding the Coldwater Plant and the effect that federal regulations would have on it. The accountant said revenues would be reduced and it would be impossible to reduce overhead expenditures proportionately. Changes could not be implemented without considerable cost and it was felt by the accountant that the Coldwater Processing Plant could not operate profitably. This letter is included as Attachment VIII.

Mr. Jack McCawley of Pratt was the next conferee to testify before the Committee. Mr. McCawley explained to the Committee that he had past experience as a plant engineer operating with federal regulations. He said that he personally appreciated the excellent cooperation of state inspection within his plant. He noted that communications with the state office have been very helpful and very important. He added that these communications would be very difficult under a federal controlled inspection program. Relative to the structure requirements of a federal inspection program, Mr. McCawley noted that he did not relish making major changes that would be required under federal rules and regulations. He also noted that inconsistencies are bound to accompany the federal program and that such inconsistencies in the long run would only result in the expenditure of more time, effort, and money. He said that that he was sure that the smaller plants of Kansas could not survive implementation of these federal regulations.

Mr. Lawrence Wimmer and Mr. DeHorne both scheduled for the afternoon session did not appear. The Chairman went on to introduce Mr. Gene Steffes of Olpe, Kansas. Mr. Steffes told the Committee that he operates a meat packing facility in Olpe. Mr. Steffes seemed to have some difficulty interpreting parts of the law in regard to distressed animals but he said he certainly did not want to have to function with federal regulations.

Mr. Winston Harwood of Lawrence was the next conferee to appear before the Committee. He told the Committee that he does not perform any slaughter functions at his plant and that all the meat he processes comes from plants federally inspected. He noted that his is the only plant in Lawrence. The main thrust of Mr. Harwood's presentation concerned a violation of present Kansas statutes prohibiting the sale of meat by retail outlets to institutions, hospitals, dormitories, and etc. Mr. Harwood informed the Committee that his facility operates on a wholesale basis to supply meats to these types of outlets. He explained to the Committee that present statutes should be changed to allow a definition of "wholesale" and "retail" so as to end the illegal situation that exists.

The next conferee to appear before the Committee was Mr. Tom Pyle of Eudora, Kansas. Mr. Pyle told the Committee that he felt that inspection by the state was very important. However, Mr. Pyle told the Committee he felt that the bureaucracy of the Division of Meat and Poultry Inspection of the State Board of Agriculture was top-heavy. Mr. Pyle noted that he felt that state inspection could operate as efficiently as it presently does with less supervisors in the upper levels of bureaucracy. Following Mr. Pyle's comments a member of the Committee noted that he had heard many complaints of this nature in his representative district.

Upon the conclusion of Mr. Pyle's comments the Chairman called for an explanation of the structure of personnel within the Division of Meat and Poultry Inspection. Mr. Petr, Director of the Division of Meat and Poultry Inspection explained that there is a director, an assistant director, and a veterinarian and two lay supervisors for each of four districts within the state. He also mentioned that there are various veterinarians throughout the state who are on contract with the division for part-time service. Mr. Petr contrasted this situation with the functioning in Missouri, which utilizes 68 to 70 full-time vets. Mr. Petr concluded by noting that he felt that the people who are on his payroll are necessary for the complete coverage of meat and poultry inspection within the state.

Following this discussion, Mr. Beckwith of the Kansas Meat Processor's Association made closing comments to the Committee and expressed his deep appreciation for the time which his organization had been given to testify on Proposal No. 1. He told the Committee that if they had any future questions his association would be very readily available for consultation. A member of the Committee, in response to this, asked that members of the Kansas Meat Processor's Association forward any pertinent information that they might have. The Chairman explained to the Association that all the information that they can amass is necessary because it is this Committee's responsibility to inform 165 legislative members, of the decision which they will make relative to Proposal No. 1.

Representative Vogel noted that the following day's meeting will concern Proposal No. 3 and Proposal No. 2. He passed out rough-drafts of legislation which will be

discussed relative to Proposal No. 3 - Grain Advisory Boards. Chairman Vogel suggested that members of the Committee read this legislation thoroughly so that discussion could take place on the following day.

With there being no further business, Chairman Vogel recessed the meeting to reconvene at 9:00 a.m. July 9.

July 9, 1976
Morning Session

Chairman Vogel called the second meeting of the two day session to order at 9:00 a.m. and noted that the Committee would further consider testimony on Proposal No. 1 - Meat and Poultry Inspection.

The Chairman again called on Mr. Beckwith of the Kansas Meat Processors Association to continue in his association's testimony before the Committee. Mr. Beckwith began his testimony by noting that Mr. Norv Kampschroeder, Secretary of the Missouri Meat Processors Association, was unable to attend as scheduled. However, Mr. Beckwith entered Mr. Kampschroeder's written statement into the record. This testimony is appended as Attachment No. IX. This presentation detailed the situation in Missouri during the transition period between federal takeover and the state operated program. Mr. Kampschroeder noted that the three years were very difficult. Mr. Kampschroeder's feelings were that if the Kansas Meat and Poultry Inspection program was working it certainly should not be altered in any way.

Mr. Emmett Schuetz then introduced Mr. Ed Swineford, of the Exchange Bank of Atchison. Mr. Swineford explained to the Committee that he had been consulted by Mr. Schuetz concerning a loan of \$80,000 to comply with the Federal Handbook 191 regulations. He explained that a 9½% loan based on past income would put a hardship on Mr. Schuetz and cost \$12,500 if negotiated. Mr. Swineford noted that as a creditor he felt that loans should increase volume or make the operation more efficient. He noted that he did not believe that this would be the case in Mr. Schuetz's situation. Mr. Swineford continued that he felt that sales would be decreased and he would not advise Mr. Schuetz to take this particular loan. Appended to the presentation which Mr. Swineford gave - appended as Attachment No. X - was a statement from Mr. Schuetz's accountant, Mr. W. A. Dooley. Mr. Dooley was also adverse to the remodeling loan. In his written comment Mr. Dooley found no justification for spending \$80,000 on the business as the costs cannot be passed on to the consumer. Mr. Dooley noted that other costs such as cut-back in the operation while remodeling, loss of employees, and problems involved in bringing the production back to full-swing should also be considered.

At the conclusion of Mr. Swineford's presentation, Mr. Dwight Beckwith, on behalf of his organization, thanked the Committee for their time and the opportunity to share what he hoped was a fair and unbiased testimony of the situation in Kansas.

The next conferee to be introduced by the Chairman was Mr. John Blythe of the Kansas Farm Bureau. Mr. Blythe told the Committee that at their 1975 meeting the Kansas Farm Bureau adopted a resolution concerning meat and poultry production and endorsed the state inspection program. He continued that at the present time since this topic is before an interim committee that his office is polling the Farm Bureau membership and he will have further statements when the polling is completed. He added that responses received from this questionnaire prefer the continuation of state meat and poultry inspection program.

Chairman Vogel then called on Mr. Harold Long representing the Farmers Home Administration to give testimony on Proposal No. 1. Mr. Long noted that the Farmers Home Administration, through its business and industrial loan program, guarantees loans to benefit rural areas. He went on to explain the purpose of the program, eligibility, projects which can be financed, and the loan process. He noted that his program would specifically include rural locker plants. Mr. Long continued that the terms of such loans are seven years on working capital, 15 years on equipment, and 30 years on land and buildings. He noted that the Farmers Home Administration guarantees 80% of the loans.

A number of questions were directed by members of the Committee to Mr. Long relative to the ability of Farmers Home Administration to loan. It was noted that Small Business Administration loans are comparable to the Farmers Home Administration loans but that the SBA has loan limits. A member of the Committee questioned Mr. Long about the establishment of interest rates. Mr. Long noted that such rates are established between the banker and the borrower.

Although he was scheduled, a representative from the Small Business Administration did not appear. Since funds are available through the SBA the Chairman noted that at a future meeting hopefully a representative from that organization could be present to testify before the Committee.

Chairman Vogel asked the Committee to direct their attention to Proposal No. 3. He reminded the Committee of the direction which they had given to staff at the previous meeting. That direction had cumulated in the drafting of legislation to create a proposed commodities council. Chairman Vogel then asked a member of the staff to review the bill draft, section-by-section. Briefly, the bill as drafted by the staff, would set up a commission for each of four commodities. Corn, milo, soybeans and wheat would each be represented by a separate commission. To coordinate the functions of these three commissions in promotion and research, a Council on Commodities would be created. The Council on Commodities would be composed of two representatives from each of the four commodity commissions and the Secretary of the State Board of Agriculture. As proposed, the Commodities Council would be responsible for directing moneys and emphasis in areas of promotion and research and would be responsible for the employment of an executive director. Following various minor changes the staff was directed to redraft the proposed legislation and send copies to the various boards and agencies which are involved. It was noted that the redraft of this legislation would be reviewed at the August meeting and members of the various commodity organizations would be given an opportunity to testify in response to the proposed draft.

Following the proper motion and second, the minutes of the meeting of June 14 and 15 were approved. With no other business for the morning session, Chairman Vogel recessed the Committee to reconvene at 1:30 p.m.

Afternoon Session

Upon reconvening the Committee for the afternoon session, Chairman Vogel directed the Committee's attention toward Proposal No. 2, relative to weights and measures. Chairman Vogel asked a member of the staff to briefly review the variable cycle inspection program as it is presently operating in Ventura County, California. The staff member directed the Committee's attention toward various materials contained within their notebooks. It was noted that this plan is based on the theory that the agency responsible for weights and measures should be a law-enforcement type agency instead of a service agency. In a variable cycle type inspection program scale operators are responsible for maintaining the accuracy of their own scales. It is the responsibility of the weights and measures agency to perform spot checks on these scales to insure their accuracy. Also involved in such a program is the licensing of private individuals capable of maintaining and verifying the accuracy of large scales.

Discussion also ensued concerning the adaptation of such a program of scale inspection in an area such as Kansas. It was noted that the variable cycle inspection program had performed successfully in a small geographic area but that there was doubt as to its ability to perform in a large geographic area such as Kansas. Other considerations such as weather and accessibility were discussed relative to the adaptation of the variable cycle inspection program in Kansas.

Upon the completion of staff explanation of variable cycle inspection programs, members of the Committee expressed great interest in such a program. The staff was directed to prepare proposed legislation to institute a variable cycle inspection program within Kansas. The staff was directed to work closely with the Division of Weights and Measures of the State Board of Agriculture in drafting such legislation. Mr. John O'Neil, State Sealer was in attendance at the meeting and expressed his willingness to work with the staff in drafting such legislation. It was noted that the states of Arizona and New Mexico had previously drafted such legislation. The Committee directed

staff to review that legislation prior to its initial drafting of the proposed bill. In addition to the initial draft legislation creating a variable cycle scale inspection program the Committee directed staff to work-up a fiscal note relative to such legislation.

Representative Vogel reminded the Committee that the next meeting would be held August 12 and 13. With no further business before the Committee the Chairman adjourned the meeting.

Prepared by Donald L. Jacka, Jr.

Approved by Committee on:

Aug. 13, 1976
(Date)

ATTACHMENT I

1976 Interim Study Committee
Studying the State Meat Inspection Program

I am Dwight Beckwith of Bern, Kansas and President of the Kansas Meat Processors Association. In making my testimony this morning I will be speaking for the entire industry of small meat packers or what is commonly referred to as locker plants in Kansas. These plants represented by the Kansas Meat Processors Association vary in size and method of operation by almost as much as they are in numbers, but they do have many things in common.

Let me list some of these:

1. They all offer a unique service to their communities. No where else can a farmer or for that matter, any citizen, bring a beef or hog into a plant and have it processed to his own specifications. We offer complete custom service. Package size, steak thickness, dried beef, cured pork products, various sausage products and many other specific instructions are given as orders and followed carefully.

2. In recent years many people from large cities and towns have become aware of these services and each year a larger part of the small meat plant business has been geared to selling sides, quarters of beef and primal cuts of beef and pork to these customers processing according to specific instructions. This service is not available to the same degree at the super market or the large packing house.

3. The small packing plant has provided a local market for small feeders and farmers. A large part of the so called custom slaughtering and processing for farmers and feeders is not for his own use or the use of his immediate family. He brings his livestock in and in turn sells it. He has developed his own market with friends, family, and city connections.

4. Many of the small meat plants are located in rural communities. They provide employment, civic leadership, and economic support for their area.

5. Small meat plants have, under state inspection played an increasing roll in servicing restaurants, hospitals, resthomes, schools, church groups, service clubs, and other like businesses. Each get personalized service that would be unavailable from any other source, and if some of these service and products were available from a large packer they would often be at much greater cost than we are able to provide them for.

6. Every plant in the state of Kansas, under state inspection has had a consistent plan of upgrading of facilities. Many new plants have been built or remodeled. Several new plants are in the planning stage. All of this work has been done and the money spent with confidence that the present system of state meat inspection would be continued. The meat processing business as we know it now is a healthy growing industry. It would be unfortunate to say the least if anything were done to stop this growth or possibly reverse the trend.

I have listed some of the things that all meat plants in Kansas have in common.

We would all like to have specific facts and figures as to what the impact of losing state inspection would be to each community. Since each business is operated alone under different management and different circumstances (private enterprise at its best) these figures and facts would be next to impossible to come by on an overall basis, but we can give you specific examples.

We would like to know what the impact to the industry as a whole would be in Kansas if we were to give up our present system of inspection. Only time would answer this but we do know what has happened in other states that have taken the short sighted view and given up their state inspection.

We would like to know how the lady that buys the meat, gives the cutting instructions to the processor, and cooks the meals feels about giving up the state program.

We would like to know how the bankers and the community leaders feel about turning the state program over to the federal government. They are the ones that can best tell when their respective communities are prospering.

We would like to know what stand some of our leading farm organizations have taken on this issue.

These are questions that we hope we can answer during the time we have allotted for testimony.

BREAKDOWN OF BUSINESS ACTIVITY FOR 1975

Beef

Total slaughtered 1975		1457 head
Bern Meat Plant	372	25.5%
Custom	586	40.2%
Other plants	499	34.3%
Of custom beef slaughtered	198 head were sold	33.7%

Hogs

Total slaughtered 1975		574 head
Bern Meat Plant	113	19.7%
Custom	214	37.3%
Other plants	247	43.0%

Total gross dollar volume of business for 1975
\$265,394.25

Received from:

Meat sold	\$188,929.08	71.1%
Custom beef and Pork	41,939.38	15.7%
outside plants	10,443.05	3.9%
Sale of by-products	24,082.74	9.0%

LeRoy Fehr President,
Hancock

Dale Bassett Vice President
Sanborn

Richard R. Tuenge Secretary
Stillwater

Gene Gerhart Treasurer
Brownsdale

Minnesota Association of Meat Processors

STILLWATER, MINNESOTA 55082

June 14, 1976

Mr. Dwight Beckwith, President
Kansas Meat Processors Assoc.
Barn, Kansas, 66408

Dear Mr. Beckwith

This is in response to your request for information regarding Federal take over of meat inspection in Minnesota.

Immediately following federal takeover on May 16, 1971, 5 plants quit operating and went out of business, 30 plants discontinued commercial slaughtering and limited their slaughter operations to custom slaughter, 35 meat processing plants discontinued wholesale sales of meat and limited their sales to retail and 16 sausage plants discontinued wholesale sales of sausage and limited their sales to retail. Our Association suffered too as our membership dropped from 180 members to 120 in a matter of two years.

Our Association worked constantly with the Minn. Dept. of Agriculture and felt that we had one of the best State Inspection programs in the U.S.

(a) Registration and approval of each custom processing establishment before custom processing began in each establishment. (Not now required in our state under the Federal program.)

(b) All packaged custom processed product was required to be labeled as being custom processed. (Not now required in our state under the Federal program.)

DIRECTORS

Everett Drewes Chatfield
Leroy Fehr Hancock
Walter Spike Buffalo
Gordon Nelson Pine City

Arthur Meyer Blue Earth
Ed Plattenberg Richmond
Dale Bassett Sanborn
Don S. Anderson St. Paul

Weston Nehring Paynesville
Gene Gerhart Brownsdale
Jim Ittel Bloomington
Ed Lorentz Cannon Falls

LeRoy Fehr President,
Hancock

Dale Bassett Vice President
Sanborn

Richard R. Tuenge Secretary
Stillwater

Gene Gerhart Treasurer
Brownsdale

Minnesota Association of Meat Processors

STILLWATER, MINNESOTA 55082

Dwight Beckwith
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(c) All packaged custom processed product was required to be labeled on each package to include the name and address of the custom processor. The name and address of the manufacturer or distributor is required on the label of all foods and beverages regulated by the Food and Drug Administration and the Minnesota Department of Agriculture. (Not now required on packaged custom processed meat or poultry products in our state under the Federal program.)

(d) Date of freezing required on all frozen packaged custom processed meat and poultry products. (Not now required in our state under the Federal program.)

(e) All products frozen and/or stored in freezers in custom processing plants must first be sharp frozen and stored at a temperature of 5 degrees F. or colder. (Not now required under the Federal program in our state.)

Our Association worked for over twenty-five years with our State Department of Agriculture to bring the custom processing from the barnyard to a processing plant with proper facilities and refrigeration. Custom plants were inspected every thirty days. Under Federal it is at least three months or longer and there has been a great increase in "shade tree" operations with no hot water or refrigeration. In other words, we feel there is more unwholesome meat in Minnesota than there was twenty years ago.

At the time of the Federal take over of Minnesota, I feel that many of the inspectors did not know what Handbook 191 was. There was a great deal of inconsistency between inspectors. What was permissible in one plant was not allowed in another.

I strongly urge that Kansas fight to keep their State Program where the rule of reason is used and to guarantee your consumers a wholesome meat product.

DIRECTORS

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Leroy Fehr Hancock
Walter Spike Buffalo
Gordon Nelson Pine City

Arthur Meyer Blue Earth
Ed Plattenberg Richmond
Dale Bassett Sanborn
Don S. Anderson St. Paul

Weston Nehring Paynesville
Gene Gerhart Brownsdale
Jim Ittel Bloomington
Ed Lorentz Cannon Falls

Minnesota Association of Meat Processors

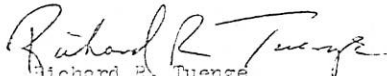
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LeRoy Fehr President,
Hancock
Dale Basset Vice President
Sanborn
Richard R. Tuenge Secretary
Stillwater
Gene Gerhart Treasurer
Brownsdale

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If I can be of further assistance in your fight to
keep your State program, please advise.

Sincerely



Richard R. Tuenge
Secretary
Minnesota Association of Meat Processors

cc/Leroy Fehr

DIRECTORS
Everett Drewes Charfield
Leroy Fehr Hancock
Walter Spike Buffalo
Gordon Nelson Pine City
Arthur Meyer Blue Earth
Ed Plattenberg Richmond
Dale Bassett Sanborn
Don S. Anderson St. Paul
Weston Nehring Paynesville
Gene Gerhart Brownsdale
Jim Ittel Bloomington
Ed Lorentz Cannon Falls

To: 1976 Interim Study Committee - State Meat Inspection Program

Subject: Meat Inspection

At the risk of having this sound like a Chamber of Commerce report for the community of Bern, Kansas, I would like to inform you of what I think a small industry can do for a small community.

In 1960, Bern had a population of 197 people. The projected enrollment of the school was down, young people were leaving as fast as they graduated from high school, houses were almost given away, new construction was non-existent and the future of Bern did not look bright. We were struggling to exist. The State Bank of Bern had a total of \$1,036,000.00 in Resources with 624 accounts and three full time employees. The Bern Locker had one full time and one part time employee. Other major businesses and employers of the town included a grain elevator, bulk oil & gas dealer, lumber yard and hardware store. The community still had the high and grade school. In the mid sixty's came another blow - the railroad was abandoned. It was clearly evident that something would have to be done.

In 1966, I became the managing officer of the State Bank of Bern. Total Resources were \$1,400,000.00 with 606 accounts. In 1968 and 1969 a sewer system was put in Bern. Also about this time, improvements were started with the physical appearance of the town. Through hard work and good management, the Bern Locker had increased their business to the extent that it would either need to be up-graded or the services reduced. With the help of the Bank and the SBA, they chose to up-grade.

Today Bern is a progressive community of 236 people. All businesses have increased their volume and they include the bank, grain elevator, bulk oil & gas dealer, 2 filling stations, 2 pool halls, hardware store, plumber, grocery store, lumber yard, garage, auto body shop, electrician, cafe, seed house, 2 veterinarians, honey processor, meat plant, building contractor and a new business, a pet food processing plant that is just getting into full production. As of June 30th, 1976, the State Bank of

Bern shows total Resources of \$6,204,000.00 with 818 checking accounts and 515 savings accounts, six full time employees and one part time, making it the third largest bank in the county. At the present time the Bern Meat Plant is the town's largest employer with seven full time and eight part time employees. The new pet food plant has seven full time employees and four part time and there is a possibility that by fall another shift may be added. The pet food plant is a home grown industry and was located in Bern because of the availability of raw products - the major one being eatable beef fat, a bi-product from the Bern Meat Plant. A new building has been constructed to process this eatable beef fat. The major portion of the business of the Bern Meat Plant was built around the slaughtering and processing of quality beef and pork for sale to the people in Bern and surrounding towns. I buy my meat from the Bern Meat Plant because it is of high quality and it is kept that way by the excellent degree of quality control maintained by the management of the plant. However, this business must depend on sales outside of the immediate area to maintain this size of operation. The Bern Meat Plant is important to Bern and to this area and this importance is probably similar to most of the small meat processing businesses in Kansas.

This growth in Bern has not been an accident. Sure, it has taken the co-operation of all the citizens and businessmen of the community, including the farmers who are still the largest industry in Kansas, but the small Meat Plant led the way in providing a local industry, using the raw materials at hand and providing jobs that would keep the young people in the rural areas. The young people are staying and moving back, there is not an empty house in town, a housing project is in the embryo stages, new business buildings are being built or in the planning stage some of which include a new vet clinic, a new garage, a new grade school and the new rendering plant previously mentioned. A new grocery store, self service laundry and beauty shop will probably be built during the next year. The

Waba County Clerk, in a published report, stated Bern, Seneca and Sabetha had considerable gains in taxable valuations over the past year and these being the only towns in the county to show such gains.

What I have said is generally true of many small communities in Kansas. They need to provide jobs to keep young people and do it with the resources that are in the area. Anything that would slow the growth or reverse the progress would be bad since it starts at the grass roots level. It is easy to pass regulations and easier yet to have someone else enforce them. The money involved for the regulation of the meat industry is just the same in all government agencies, it comes from the people and it is a proven fact that much is lost on the way to Washington and back. I believe we have a good system at the present time. It is working and we can live with it. I believe we should continue the present program of the State Meat Inspection and do nothing that could possibility jeopardize the economic health of the small agriculturally orientated rural communities.

James E. Sheik, President
State Bank of Bern

7-8-76



th 6th

Buckles Meat Processing



Packing House License No. 18

Phone 331-2570

Independence, Kansas 67301

July 8, 1976

1976 Interm Study Committee

Special Committee on Agriculture and Livestock Proposal #1 - Meat and Poultry Inspection

Rep. Vogel - Chairman
Sen. Christy - Vice Chairman

Rep. Campbell
Rep. Crowell

Rep. Dempsey
Rep. Graber

Rep. Hamm

Mr. Chairman and members of the interm committee,
I have owned and operated a locker/processing plant in
Independence, Kansas for the past 29 years.

If the State discontinues its inspection program
and we had to go either Custom exempt or under U.S.D.A.
Inspection, we will be faced with a considerable loss
in business, to such an extent that it is doubtful if
a profitable operation could be maintained without a
considerable increase in the cost of our services to
our customers in this area.

To illustrate, in 1975 our State Inspected plant
slaughtered 864 head of Beef, Pork and Lamb, a total
of 313,114 lbs of dressed meat. Most was done on a
custom basis, however of the 864 head, our records
indicate that 407 head or 47% was either sold by the
half or whole animal by the people who raised them,
usually on a dressed weight basis.

-2-

In addition we purchased 25,277 lb of dressed meat
from major packers representing about 50 head which we
sold in sides to our customers.

If we had to operate as a custom plant (no animal
inspection) we would loose most of the 47% to inspected
plants because meat offered for sale must be inspected.

In 1975 we also cured and smoked 16,931# of hams,
bacon, etc of which 11,089# or 65% was done for other
plants or individuals who brought their fresh pork
cuts to us for curing and smoking. As a custom plant
the majority of this business would be lost because of the
need for our curing to be under inspection for other
inspected plants.

If we were forced under U.S.D.A. inspection there
would also be increased costs due to structural changes
and methods of operation, and a reduction in volume
because of lost custom curing business. Only Federal
inspected products are permitted in a Federal plant.

A recent hurried visual survey indicates the
following changes would be required in our plant to
meet U.S.D.A. requirements. An in-depth survey may
indicate additional changes. Because of limited space
and structural design some of the following could not
be made without purchase of additional land which would
be very expensive to acquire:

1. No inspection office
2. No separate suspect facilities or squeeze chute.
3. No separate facilities or metal stand in carcass wash area.
4. Wooden tables and cabinets in processing area must be replaced with metal
5. Cooler doors and frames must be covered with metal or glass board
6. No floor drain in cooler used for cured meat
7. No fenced dry landing area
8. Bleeding rail not 16' (actual 10'5")
9. Dressing rail not 11" (actual 10' 5")
10. All floor drains not 4"

Any decrease in volume would mean increased charges for our services and additional capitol expenditures would ultimately be passed on to the consumer in order to remain in a profitable position.

Kansas has a very good meat inspection program and from the point of view of a taxpayer, it should be maintained.

Respectfully submitted,
BUCKLES Meat Processing

C Nelson Buckles

C. Nelson Buckles

ATTACHMENT V

MR. CHAPMAN AND MEMBERS OF THIS SPECIAL COMMITTEE ON AGRICULTURE AND LIVESTOCK.

I AM FRANK WHEELER FROM CLAPLIN KANSAS SPEAKING FOR THE KANSAS MEAT PROCESSORS ASSOCIATION AND FOR MYSELF. OUR DESIRES ARE TO KEEP THE EXISTING KANSAS MEAT INSPECTION PROGRAM RATHER THAN TO OPERATE UNDER THE FEDERAL MEAT INSPECTION SYSTEM. I WILL FIRST OFFER INFORMATION RELATIVE TO MY OWN OPERATION AND THEN MAKE SOME GENERAL STATEMENTS TO JUSTIFY OUR POSITION IN THIS MATTER.

OUR OPERATION CONSISTS OF A KANSAS INSPECTED SLAUGHTER FACILITY AND A RETAIL EXEMPT RETAIL FOOD STORE AND MEAT PROCESSING LOCKER PLANT THAT IS UNDER INSPECTION BY THE KANSAS DEPARTMENT OF HEALTH. REQUIREMENTS OF THE LAW PROVIDE THAT ALL MEAT PROCESSED IN A RETAIL EXEMPT ESTABLISHMENT MUST BE INSPECTED PRODUCTS. BECAUSE OF THE PECULIAR NATURE OF THE RETAIL MARKETS, IT IS NEXT TO IMPOSSIBLE TO BE BOTH CUSTOM AND RETAIL EXEMPT. BY REGULATION THESE TWO OPERATIONS (RETAIL AND CUSTOM) MUST BE SEPARATED BY A PHYSICAL STRUCTURE AND THIS WOULD REQUIRE A DUPLICATION OF PEOPLE AND EQUIPMENT. PREPARATION OF INSPECTED PRODUCTS CANNOT BE DONE ON THE SAME EQUIPMENT USED FOR UNINSPECTED OR CUSTOM PRODUCTS WITHOUT A THOROUGH SANITATION BETWEEN OPERATIONS. PICTURE IF YOU WILL WHAT WOULD TRANSPIRE IF A PROCESSING PLANT WERE WORKING ON A CUSTOM UNINSPECTED PRODUCT IN A RETAIL EXEMPT FACILITY AND A RETAIL CUSTOMER DESIRED A SPECIAL RETAIL CUT THAT HAD NOT PREVIOUSLY BEEN PREPARED FOR SALE. THE BUTCHER MUST REFUSE TO PREPARE THE ITEM OR ASK THE CUSTOMER TO WAIT FOR A SANITATION OF THE EQUIPMENT. THE IS UNLIKELY TO ACCEPT EITHER OFFER. IN THE BEST INTEREST OF THE CONSUMER, IT IS OUR OBLIGATION OF BOTH THE MEAT PROCESSOR AND THE RETAILER TO OFFER THE BEST SERVICE POSSIBLE TO THE PUBLIC. TO DO OTHERWISE IS IRRESPONSIBLE.

WITH OUT INCLUDING ANY OF THE RETAIL SALES FROM OUR RETAIL MEAT DEPARTMENT, THE SMALL AMOUNT OF MEAT RESTAURANT OR INSTITUTION SALES WE MAKE OR LOCKER RENTALS OR WIRE SALES, BUT BY CONSIDERING ONLY THE SALES OF QUARTERS OR STEAKS OF BEEF AND PORKOR SPECIAL PROCESSING WORK WE DO AS A NORMAL MEAT PROCESSOR, AND BY CONSIDERING MEAT PROCESSING WE DO THAT HAS BEEN PURCHASED FROM OTHER THAN US, MEAT PRODUCT SOLD BY OUR FARMER OR FEEDER TO AN INDIVIDUAL FOR US TO SLAUGHTER AND PROCESS, AND CONSIDERING THE WORK WE DO DIRECTLY FOR THE OWNER THEREOF, OUR FIGURES INDICATE THE FOLLOWING.

SALES AND PROCESSING WE SOLD	41.6%	MUST BE INSPECTED PRODUCT
FARMER SOLD OR TRANSFERRED PRODUCT	24.8%	MUST BE INSPECTED PRODUCT
CUSTOMER WORK FOR OWNER AND RAISER	33.4%	COULD BE CUSTOM WORK

THIS SHOWS THAT ABOUT 65% OF OUR WORK COULD NOT BE DONE IN A CUSTOM PLANT OR JUST HAVE INSPECTION EITHER BY STATE OR FEDERAL PROGRAM. 35% COULD BE ACCOMPLISHED IN A CUSTOM PLANT WITHOUT ANYTHING BUT MEAT INSPECTION.

THESE FIGURES INDICATE THAT WITHOUT MEAT INSPECTION WE WOULD PROBABLY BE FORCED TO CLOSE OUR SLAUGHTER FACILITY AND THIS WE CONSIDER WOULD CURTAIL OUR PROCESSING OPERATION TO THE POINT THAT IT WOULD BE UNDESIRABLE FOR US TO CONTINUE TO OPERATE AS A MEAT PROCESSOR IN ANY STATE. IT WOULD NOT BE WISE FOR US TO BUILD A SEPERTE BUILDING TO ACCOMPLISH THE 35% PERCENT OF WORK IN THE CUSTOM CATEGORY. ALTHOUGH OUR STATE CONTRIBUTION IS OF A MINORITY IN KANSAS, THERE ARE QUITE A FEW SIMILAR OPERATIONS. IN THE IMMEDIATE VICINITY OF CLAPLIN, THERE ARE THREE THAT I THINK OF OFFLINE. THE HARDSHIP ON THE FARMER AND FEEDER SHOULD BE CONSIDERED. A TYPICAL PACKER I HAVE CHECKED WITH CHARGES \$25.00 PER HEAD TO SLAUGHTER HOCS, WE CHARGE \$8.00. THIS SAME PACKER CHARGES \$15.00 TO SLAUGHTER HOCS, WE CHARGE \$6.00. THIS PACKER IS THE ONLY ONE WITHIN 60 MILES WHO WOULD SLAUGHTER HOCS. THIS WOULD SURBLY INDICATE A RISE IN COST TO THE CONSUMER AND AN ADDED INCONVENIENCE AND COST IN MILES DRIVEN TO DELIVER THE PRODUCT TO THE SLAUGHTER FACILITY.

IN THE PAST 12 MONTHS WE HAVE SENT TO THE STATE OF KANSAS IN SLAUGHTER \$7,318.60. OR \$610.00 PER MONTH. I SHOULD LET YOU KNOW THAT OUR CONTRIBUTION IS ONE OF THE SMALLEST IN KANSAS AND FIGURES FROM LARGER PLANTS WOULD BE MORE IMPRESSIVE.

IN THE YEAR 1975 OUR PAYROLL WITHOUT OTHER SALARY WAS \$30,647.51. THIS INDUSTRY MUST BE CONSIDERED AS AN ASSET TO THE ECONOMY OF KANSAS.

MEAT INSPECTION BY THE KANSAS DEPARTMENT OF AGRICULTURE HAS NOT BEEN THE BEST OF IDEAS. AFTER THE KANSAS LEGISLATURE PASSED THE KANSAS MEAT AND MEATERY INSPECTION ACT AND THE KANSAS DEPARTMENT OF AGRICULTURE WAS DESIGNATED THE IMPLEMENTING AGENCY, THERE WERE MANY OBSTACLES TO OVERCOME BY OUR INDUSTRY. WE OFTEN FOUGHT TOOTH AND TONGUE WITH THE DEPARTMENT OF AGRICULTURE AND IT WAS SOME TIME BEFORE OUR INDUSTRY FELT THAT WE WERE BEING HEARD IN OUR RECOMMENDATIONS. BECAUSE OF DIFFERENCES OF OPINION ON REGULATION IMPLEMENTATION, SOME OF US EVEN OBTAINED LEGAL COUNCIL AND BROKE THEM UP TO GO TO WORK OUT OUR PROBLEMS. WE ALL FELT AT ONE TIME AND MANY STILL DO THAT COMPULSORY MEAT INSPECTION IS NECESSARY ONLY BECAUSE OF CONSERVATION ACTION THAT MADE IT A REQUIREMENT. TO US, THE KANSAS MEAT INSPECTION PROGRAM

HAS TO BE CONSIDERED THE LESSE OF TWO UNDESIRABLES. THERE WERE OCCASIONS WHEN OUR DESIRES WERE ON HEAT BARS WHEN PRESENTED TO THE IMPLEMENTING AGENCY, THIS CAUSED US TO TAKE OUR PROBLEMS TO THE KANSAS LEGISLATURE AND INSTEAD OF CLIENTS BECOMING REGULATORY, THEY BECAME AMENDMENTS TO THE LAW. ABOUT 3 YEARS AGO, AT OUR REQUEST, A MEAT INSPECTION ADVISORY COUNCIL WAS FORMED AS A MEANS OF INPUT AND UNDERSTANDING. THIS COUNCIL IS COMPOSED OF REPRESENTATION FROM OUR INDUSTRY AND FROM THE KANSAS DEPARTMENT OF AGRICULTURE. THIS HAS BEEN AN EFFECTIVE TOOL TO ELIMINATE MANY OF OUR PROBLEMS BETWEEN THE INDUSTRY AND THE KANSAS DEPARTMENT OF AGRICULTURE. OUR INDUSTRY HAVE LEARNED THAT IT IS NECESSARY IN THE BEST INTEREST OF OUR BUSINESSES AND OUR CUSTOMERS TO BE INSISTENT TO THE KANSAS DEPARTMENT OF AGRICULTURE IN JUSTIFIED REASONABLE DEMANDS AND WE TRUST THE DEPARTMENT HAS LEARNED TO BE IN MOST CASES OUR DESIRES ARE REALISTIC AND HAVE LEARNED TO LISTEN. WHAT I AM POINTING OUT IS THERE IS A MARKED DIFFERENCE IN COMMUNICATIONS BETWEEN THE FEDERAL AND STATE AGENCIES. WE COULD NEVER DEMAND FOR EXPECT TO GET THE SAME A DECISION ON A FEDERAL LEVEL THAT WE GET ON A STATE LEVEL. FEDERAL PROGRAMS ARE SO LARGE AND COMPLEX THAT THERE CAN BE NO INDIVIDUAL CARE. THE KANSAS LEGISLATURE IS MUCH CLOSER AND MUCH MORE INTERESTED IN KANSAS AS OUR PEOPLE WOULD BE THAN ARE THE PEOPLE IN WASHINGTON. REGARDLESS OF THE DISAGREEMENTS IN THE PAST OR THE CERTAIN DISAGREEMENTS IN THE FUTURE, WE ARE CONFIDENT THAT WE CAN BE HEARD AND UNDERSTOOD BETTER ON THE KANSAS STATE LEVEL. PARTICULARLY SINCE WE KNOW THAT IN THE EVENT OF IMPASS, WE CAN ALWAYS COME TO THE KANSAS LEGISLATURE AND REQUEST AN AMENDMENT TO THE LAWS WE ARE GOVERNED BY.

AT THIS TIME WE HAVE A CHOICE AS INDIVIDUAL ESTABLISHMENTS, THOSE WHO MIGHT PREFER TO BE FEDERAL PLANTS CAN REQUEST AND GET FEDERAL INSPECTION. THOSE OF US WHO DESIRE THE PROGRAM WE NOW HAVE, CAN RETAIN STATE INSPECTION. IN THE EVENT THE PROGRAM IS TURNED TO THE FEDERAL GOVERNMENT, THERE IS NO RETURN. THE KANSAS MEAT INSPECTION PROGRAM IS GONE FOREVER. WE HAVE SPENT FAR TOO MUCH TIME AND EFFORT IN ESTABLISHING A WORKABLE PROGRAM TO DITCH IT. AFTER 8 YEARS OF WORK, WE WOULD BE RIGHT BACK WHERE WE STARTED WITH NO HOPE OF VOICE IN A FEDERAL MEAT INSPECTION SYSTEM.

IT SEEMS TO ME THAT IN WASHINGTON, THERE ARE THOSE OF INFLUENCE WHO WOULD FAVOR A SOCIALISTIC OPERATION OF GOVERNMENT PROGRAMS. IT HAS BEEN SHOWN THAT WITHOUT CONTROL OF FOOD SUPPLY, THEIR PROGRESS IS FINISHED. THEY CANNOT GET THE VOLUNTARY SUPPORT OF THE INDEPENDENT FOOD BUSINESSES OR THE FARMER. IF THIS FACTION IS TO CONTROL THE SUPPLY OF FOOD, THEY MUST DO SO

BY LEGISLATION. EACH TIME WE REINSTATE CONTROL OF OUR AFFAIRS TO THE FEDERAL GOVERNMENT, WE AID THIS SOCIALISTIC AMBITION. FAILURE TO MAINTAIN A STATE MEAT INSPECTION PROGRAM IS EXACTLY ONE MORE STEP IN THE DIRECTION OF FREE ENTERPRISE AND TOWARD SOCIALISTIC TYPE GOVERNMENT. IF IT WILL BE KEEP OUR KANSAS MEAT INSPECTION PROGRAM WE WILL HAVE FAILED TO EFFECT SOMETHING MORE THAN TO SUBMIT.

WE ARE HOPEFUL THAT THE INFORMATION, THE FIGURES AND THE INFORMATION WHICH I HAVE PRESENTED WILL OFFER AN OPPORTUNITY FOR THIS COMMITTEE TO TAKE ACTION AND WORK TO SEE THAT THE NEXT SESSION OF THE KANSAS LEGISLATURE MAKE A DECISION TO RETAIN THE KANSAS MEAT INSPECTION PROGRAM AND THAT THE MEAT INDUSTRY CAN RETURN TO THE NORMAL OPERATION OF OUR BUSINESSES, AND STOP THE OF FIGHTING FOR EXISTENCE AND STOP BOYCOTTING THE PEOPLE WHO SERVE IN THE LEGISLATURE OF KANSAS. WE HOPE THAT THE DECISION OF THE KANSAS LEGISLATURE TO RETAIN THE PRESENT KANSAS MEAT INSPECTION PROGRAM MAY PUT TO REST THIS ISSUE FOR YEARS TO COME.

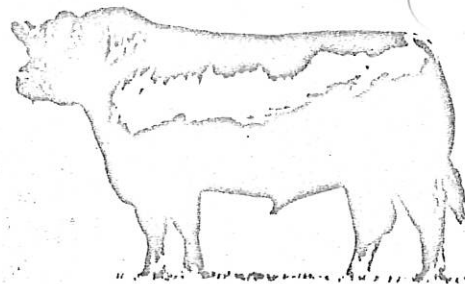
5 Bar 8
Angus Valley

ANNE and HARRY BINGMAN

Route No. 4

SABETHA, KANSAS 66534

Phone 913-284-3154



Mr. Chairman and Committee members:

I am Mrs. Harry Bingman of Sabetha, Kansas. My husband is a farmer and we have a small registered and commercial cow herd of 75. We do not specialize in fat cattle which is the main reason for my appearing here today.

The large percentage of our calf crop is sold off of the cows as weanlings or short yearlings. Each year we keep the best of our heifers and bulls as replacement stock for our herd and for resale. Not all of these animals meet our requirements as yearlings. To sell a few head such as these at a livestock auction places them at a disadvantage as far as price is concerned. In order to merchandize these animals we fatten them out for sale to people who wish a side or a quarter of beef. This is only possible through our local meat processing plant in Sabetha which operates under Kansas regulations.

A year or two ago one of our yearling bulls broke a foreleg. Just imagine a family of two eating 500 to 600 pounds of hamburger! Because of our Sabetha plant we were able to sell this injured bull as hamburger. If we had not had this plant available we would have experienced a total loss. Instead we were able to realize approximately \$450.00. This situation is something that happens frequently to all farmers with small herds.

Our Sabetha plant is a small town business with a beneficial input to our community. We have many families in Sabetha who purchase red meat from local farmers as well as ourselves. One man in particular has about 15 or 16 cows. He merchandizes his entire calf crop by fattening them out for sale as processed sides of beef.

Besides being able to merchandize our culled replacement stock in the manner mentioned, I wish to speak as a Kansan. These days we hear much talk of overbearing bureaucracy and federal regulations. We feel that we are losing more and more of our rights as a state. We also feel close to our city, county and state governing bodies. We have recourse such as this hearing that is not possible if we pass our state rights on to the federal government. In asking the Federal government to take over the inspection and regulate our Kansas meat processing plants, we are giving them more power over the State of Kansas and our lives. Once we give up these rights to be governed locally and pass them on to the U. S. Government, we may never be able to regain control.

We encourage this committee to retain the right of the State of Kansas to regulate our Kansas Meat Processing Plants.

Thank you.



ATTACHMENT VII
Atchison Area Chamber of Commerce

HOUSING INDUSTRY COMMERCE

MOVING TO THE FUTURE

104 North Fifth Street P.O. Box 126
Atchison, Kansas 66002
(913) 367-2427

SPECIAL COMMITTEE ON AGRICULTURE AND LIVESTOCK
REP. VOGEL - CHAIRMAN
SEN. CHRISTY - VICE CHAIRMAN

Mr. Chairman and members of the special committee:

I will attempt to be brief in my statement to you today in regard to the State Meat and Poultry Inspection Program and its impact on the City of Atchison and the surrounding area.

If the State inspection program were to be scratched in favor of a Federal Meat Inspection Program, several plant operators within a fifty mile radius of Atchison would immediately be forced to close their doors. The Federal program would require these small operators to invest a large sum of money to bring their plants to Federal regulations. I am sure that these modifications would not create additional sales nor would they increase the quality of the meat produced by these plants. It would only result in additional expense, loss of income and eventually complete shut down. Another small, private businessman forced to close

his doors because of Federal bureaucracy and Federal governmental intervention.

A local processing plant owner/operator estimates that 30% to 40% of his income results from over the counter meat sales. If the Federal inspection program were adopted in Kansas, this same owner/operator would either have to bring his plant to Federal specs, at a great cost, or go to a custom slaughtering and processing plant which would mean that he would be losing one-third or more of his income.

This same local operator finds it possible each year to donate meat to several county and city organizations. One such organization is the Atchison County Cattlemans Association to which he donates enough beef to feed 500 to 600 people at their annual banquet. He also finds it possible to donate quarters of beef to high school home economics classes for the purpose of educating our youngsters to the variety of meat cuts.

I am positive that rural Kansas communities such as Pratt, Longton, Beloit, Leavenworth and Atchison, to name a few, will feel the adverse effects if we the people of Kansas allow our Federal Government to come to our so-called "rescue". Kansas is an agricultural state governed by a

fine Governor and a very knowledgeable House and Senate. I cannot imagine

allowing a Federal Meat Inspection Program to take over our own State Meat
and Poultry Inspection Program.

Thank you for your time.



Atchison Area Chamber of Commerce

PLANNING INDUSTRY COMMERCE MOVING TO THE FUTURE

John C. Majerus
Executive Vice President

104 North Fifth Street
P.O. Box 126
Atchison, Kansas 66002

(913) 367-2427

George U. Landis

CERTIFIED PUBLIC ACCOUNTANT
301 NORTH SENECA • WICHITA, KANSAS 67203

ATTACHMENT VII

July 7, 1976

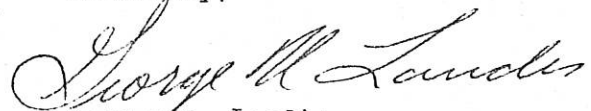
Mr. and Mrs. Blaine Bowlin
Whitewater Locker
114 West Topeka
Whitewater, Kansas 67154

In answer to your inquiry concerning the continued operation of your locker and processing plant should Kansas terminate state meat inspection service, it is my opinion that you cannot operate profitably. Your gross revenues would be reduced 72.29% for the year, and it would be impossible to reduce overhead expenses proportionally.

This letter should not be construed to mean your operation or management is not efficient or effective. Your overhead expenses are presently 35% of gross volume and contain fixed expenses, such as depreciation, business taxes, insurance, utilities--representing 10% of gross volume. These fixed costs would represent 35% of gross volume should state inspection be terminated. This does not allow for variable expenses, such as salaries, payroll taxes, advertising, maintenance and repairs, etc., which are necessary to operate.

This opinion is based on the analysis you prepared for me, using May sales tickets, separated into two classifications--sales you could make and sales you could not make if state inspection service was terminated. I also used accounting records and unaudited financial statements prepared for the year ended December 31, 1975.

Sincerely,



George U. Landis
Certified Public Accountant

GUL:ds

July 7, 1976

Honorable Members of this Committee

Ladies and Gentlemen

My name--Norvin Kampschroeder

I have been in the meat business since 1946 in Washington, Mo. operating 2 plants. One is used for slaughtering, curing and sausage making. One is used for retail sales. I have been Secretary of the Missouri Association of Meat Processors since 1969. I was active in the development of the Missouri Meat Inspection Act. of 1967. I am sorry I could not appear in person because of a very grave labor situation.

Kansas is now considering relinquishing their direct responsibility to the consumers as pertains to Meat Inspection to the Federal Government. I congratulate you on making an indepth study of this move. As I understand it this move is prompted by the economic pinch most governmental subdivisions now find themselves in. The question before you is---shall we surrender our meat inspection program to the Federal Government and save that money---or shall we continue to finance it and keep some measure of control for the benefit of hundreds of small businesses in Kansas and their consumers?

Missouri surrendered its Meat Inspection Program in August 1972. At that time everyone had to make a choice. A choice whether to apply for official status, or go the exempt route, that is, take a retail exemption or a custom exemption. About half decided to keep full inspection. Most of Missouri's custom exempt plants took the exempt route as did some of the inspected plants who did not want to be bothered.

The plants that applied for their grant of inspection under official plant status were then reviewed by inspectors sent in from other states. I am sorry to report that this was very misleading--as most reviewers were ultra-lenient.

Most plants were required to do only very minor things to get a Grant of Inspection. Many operators told me "This is just alright--we should have had Federal Inspection sooner". But the day of awakening was yet to come. Soon after the Grant of Inspection was granted, more reviews were to come and these were major in nature, not like the earlier reviews. These were intended to get all changes into the blueprints, which all official plants were required to have approved 18 months after Federal takeover. After another 18 months you were required to have the plant in compliance with the blueprints.

Actually Missouri lost few if any plants during this 3 year period. But several told me that had they known right from the start how it would be, they would have quit. A number did take the custom exempt route when the 18 months and 36 months deadline approached.

The cost of getting blueprints made varied considerably--probably averaging \$300. I am talking about the average small meat processor, not the packing plants. I know of one plant, an old one, that had a cost of \$1100 for a blueprint. Because of some problem areas the architect took the plans to Washington D.C. and came back with the plans approved. The owner was happy but has had problems with reviews since.

Getting labels approved was urgent, and it was costly if a plant had many products. Of course, it was also time consuming for management even if your first application for a sketch approval went through without error. I spent \$3200.00 for labels in 6 months.

The Federal Facility for Small Existing Plants handbook was a great help, though sometimes the reviewer needed to be reminded of it. One reviewer remarked that he had never heard of it.

Now all the foregoing did cost money--how much? Exact figures are not available because in many small plants the improvements were do it yourself projects. A few with problem plants built new plants with costs of between \$120,000 to \$200,000. I will give you my own experience. Half of my plant was built in 1951 according to USDA standards at that time. The other half was older and in bad shape. I did have some expansion ideas in mind. In the three year period from Federal takeover to final approval I spent in excess of \$20,000. I would say half of this could be attributed to Federal Inspection. My plant weekly kills 15 cattle, 15 hogs and produces 1500 pounds of sausage, actually a small plant.

There were also procedural changes that were not required of us under State Inspection. Our costs of doing business rose because of capital expenditures and procedural changes. We had to raise our rates for services and price our products higher. This set up a very fertile field of growth for the boot-leg operator and the retail exempt stores, and they did take advantage of it by opening small unregulated slaughter and processing plants and the practice of retail stores selling restaurants and institutions in excess of the \$18,000 limitation. Now this is not a criticism of our meat inspection personnel in any way. The way the Wholesome Meat Act is set up, jurisdiction over this type of thing is for the Compliance Division and they are woefully understaffed. Under Missouri State Meat Inspection our inspectors did a pretty good job controlling this situation. So is the consumer really better off under Federal?

What about the tax payer? Under State Meat Inspection, Missouri's share of the cost was \$550,000 and the Federal share \$550,000 for a total of \$1,100,000. Within 2 years after takeover the cost to the Federal Government went to over \$3,000,000, more than doubled and yet some people would shift programs to the

Federal Government thinking they are free.

We in Missouri were most fortunate that Dr. Harlan Ellis was named Administrator. He did a superb job of bringing us through the three year transition from State inspection to Federal. The rule of reason did have meaning to him.

I appreciate being able to offer my comments but will add--- if your State Meat Inspection System is working---KEEP IT.

Thank you.



Norvin Kampschroeder, Secretary
Missouri Association of Meat Processors
132 Pottery Road
Washington, Mo. 63090

ATTACHMENT X



EXCHANGE BANK
A NATIONAL BANK & TRUST COMPANY
ATCHISON, KANSAS 66002

July 8, 1976

EDWARD SWINFORD
VICE PRESIDENT

Legislature Research Department
Special Committee on Agriculture and Livestock

Gentlemen:

During the past few months, I have been discussing with Emmett Schuetz, owner and operator of Schuetz Meat Processing and Locker Company, a proposed loan of \$80,000 that would be used to bring his facilities to the standards needed to comply with Federal Handbook Number 191 regulations. In reviewing this loan request, we did a thorough research with the customer in order to determine what problems he might encounter prior to paying off the loan. In this particular case, there seems to be a number of unanswered questions.

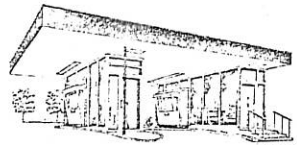
On such a loan, we allow a maximum repayment period of ten years. In the event that Mr. Schuetz is successful in negotiating the loan, the annual payment on a 9½%, ten year, \$80,000 loan would be \$12,422.16. Based on past net income of the business, payments of this amount would create a hardship on him.

Another detriment is that Mr. Schuetz is 58 years of age, and a ten year loan would require him to work three years past his normal retirement.

As creditors, we think the purpose of remodeling loans is to improve profits either through efficiency or increased volume, but in this particular case, this would not be true. Neither volume nor efficiency would be improved. The remodeling would create an expense to Mr. Schuetz which could not be passed on to his customers due to competition.

In the event Federal regulations would govern and he is unable to comply, the processing plant would then be limited to custom slaughter eliminating retail sales, thus reducing his sales by nearly 30%. In addition, this would have an adverse effect on the value of his property.

In keeping the above in mind, I would not recommend that Mr. Schuetz take out the proposed loan. I recommend that State inspection be allowed to continue as in the



OLDER THAN THE STATE OF KANSAS

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past in order to avoid Federal regulations. In the event this is not allowed, it appears that Atchison stands the possibility of either losing or hindering a thriving business with annual sales of \$150,000.00

This committee's assistance in the continuation of State meat inspection will be appreciated by the many consumers serviced by Kansas Meat Processing Plants.

Sincerely,
Edward Swinford
Edward Swinford
Vice President

CES:tsb

Mr. W. A. Dooley
5301 West 69th
Prairie Village, KS 66208

July 7, 1976

Legislature Research Department
Special Committee on Agriculture and Livestock

Gentlemen:

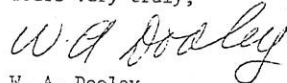
Mr. Emmett Schuetz requested the following information concerning the cost of rehabilitating his plant to meet the new Federal Standards of Handbook 191.

As of December 31, 1975, year-end financial and operating statements, he will lose \$41,700.00 in meat sales and the State of Kansas will be out \$1,251.00 in sales tax revenue. By eliminating these meat sales he can no longer justify one man on his payroll which will reduce his total labor bill, but will at the same time put another man on the unemployment rolls of our state and nation.

Over the past years I can find no justification for spending the approximate \$80,000.00 to bring his plant up to these new Federal standards since the profit margin in his business will not cover this additional cost. It is a cost since it cannot be passed on to customers thru higher prices.

If he decides to go ahead anyway, he must also consider that his total work force must be laid off, and I would hope that he would be able to find experienced, qualified help when he starts back up. These same people will, or at least some of them will, be on the unemployment rolls of our state and nation during this time. I cannot estimate what it will cost him in business interruption, but it will be considerable and his profits for the year will in all probability be reduced by 25 to 50%.

Yours very truly,



W. A. Dooley
Accountant

WAD:tsb