

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND LIVESTOCKThe meeting was called to order by Rep. Bill Fuller at
Chairperson9:00 a.m./~~p.m.~~ on January 20, 1983 in room 423-S of the Capitol.

All members were present except: John Solbach excused

Committee staff present:

Bruce Hurd, Revisor of Statutes' Office
Raney Gilliland, Legislative Research Department
Kathleen Moss, Secretary to the committee

Conferees appearing before the committee:

Don Jacka, Assistant Secretary, State Board of Agriculture

The Minutes of January 18, 1983 were approved.

Chairman Fuller said that today's meeting will consist of two issues: (1) Funding, or lack of funding, for meat inspection and (2) the Filled Dairy Products Law that is being challenged in court. The committee members should discuss any issues concerning agriculture for the committee to request bill drafts. We will try to schedule another day if needed.

Chairman Fuller introduced Assistant Secretary of Agriculture Don Jacka. His remarks are contained in Attachment No. 1. A Memorandum from the Kansas Legislative Research Department is also included. (See Attachment No. 2). There were many questions regarding federal standards, what processors can or cannot do, methods of federal inspection of the meat inspection program. Mr. Jacka introduced Max Foster from the Board of Agriculture who fielded a few questions. In response to one question, Mr. Jacka said they are very proud of their meat inspection department and favor maintaining the state Meat and Poultry Department as is. He said there is Handbook 570 that speaks to structural facility requirements by the federal government. There may be occasions where federal requirements are waived.

Lyn Goering was introduced to the committee. She is with the Research Department and handles fiscal matters.

Chairman Fuller said he would like to have hearings on the meat inspection program and would welcome the committee's participation for making recommendations. It is important to get both points of view. Chairman Fuller said it might be necessary to revise next week's schedule.

The meeting was adjourned at 9:55 a.m.

The next meeting of the Committee will be at 9:00 a.m. on Tuesday, January 25, 1983.

GUEST REGISTER

DATE Jan. 20, 1983

HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE AND LIVESTOCK

NAME	ORGANIZATION	ADDRESS
Linda Creed		Bern, Ks.
Karen Diege		Seneca, Ks.
Dale Busby	Intern / Rep B. Fuller	Concordia Ks
Lee Tucker	KLA	Topeka
Don Jacka	Ks State Board of Agric.	Topeka
Ken Wilke	" " " " "	Topeka
Max Foster	" " " " "	Topeka
Bern Hansen	Ks Meat Processors Assoc	Alma
John Stuby	Catholic Rural Life	K.C. Ks.
Janis Macmillan	Ks Meat Processors	Winchester
Jim Suber	Capital Journal	Topeka
Becky Czapfaw	CKFO	Topeka
Herald Wiley	Ks Ass of Wheatgrowers	Topeka
John Wilke	KBFO	Marion
Nancy Kantola	Ks Co-op Council	Topeka
Mike Beam	KLA	Topeka
Larry Schutz	Ks. Meat Processor Assoc.	Atchison
Max Foster	Ks. St. Bd. of Ag	Topeka
Ken Wilke	"	"
Don Jacka	"	"

House Agriculture & Livestock Committee
Senate Agriculture & Small Business Committee

I. Meat & Poultry Inspection Program

A. Initiated in 1970.

- 1) At least equal to federal requirements of the Wholesome Meat Act of 1967.
- 2) States had 2 years in which to comply with the federal legislation.
- 3) If states failed to perform or did not meet equal to requirements -- the federal government would move into the state and assume functions.
- 4) At least equal to means strict compliance with federal regulation relative to:
 - a) Sanitation
 - b) Wholesomeness of product
 - c) Formulations
 - d) Labeling

B. There are presently 197 plants in Kansas under full inspection and 46 plants under custom operation. One hundred percent of the animals slaughtered in these state inspected plants are consumed in Kansas. State plants cannot ship interstate.

- 1) 40 million pounds of federally inspected product is reinspected under state inspected facilities (i.e. Falley's 833,333 lbs/mo.)
- 2) 52 million pounds of product is inspected by the state at state inspected plants.
- 3) Total of 92 million pounds of product processed under state inspection -- with population of 2,363,208 and national per capita meat consumption (1982) at 77 pounds, 51% of all meat consumed in Kansas is from state inspected plants.
- 4) Even though the state only inspects 5% of the animals slaughtered in the state -- 51% of all meat consumed in Kansas comes from state inspected plants. This speaks quite well of our Kansas livestock industry/meat packing industry for their impact on the nation's market.

C. Operating budget of this Meat & Poultry Inspection Program is, for FY 1983, approximately 2 million dollars -- one-half State General Fund and one-half federal funds.

- 1) This program employs (As of January 10, 1983):

Director	1
Asst. Director	1
Training Officer	1

Atch. 1

Compliance Officer	1
Agric. Insp. II	6
Agric. Insp. I	57
Lab. Tech.	2
Office/Clerical	4
Vets	<u>3</u>

Positions Filled 76 (5 FTE positions left vacant: 1 vet;
Positions Authorized 81 1 Agric. Insp. II; 3 Agric. Insp. I)

- 2) When the State Meat & Poultry Inspection Program was first initiated, it employed 118 FTE.
- 3) During FY 1979, this program employed 90 FTE and drove 953,000 miles; during FY 1983, it employes 76 FTE and will drive approximately 860,000 miles -- we have economized 14 fewer employees and approximately 100,000 miles less in the past four years.

II. FY 1984 Governor's Budget Recommendations

A. Agriculture & Natural Resources represents 0.7% of the General Revenue expenditures.

1) Only \$11.7 million.

2) Includes funding for:

- a) State Board of Agriculture ----- \$ 5.5 million
- b) Animal Health Department ----- \$ 450,000
- c) Conservation Commission ----- \$ 2.3 million
- d) State Fair ----- \$ 150,000
- e) Water Office ----- \$ 3.2 million

B. The Budget recommends the deletion of the State Meat & Poultry Inspection Program - \$1.2 million out of 12 million of State General Fund for Agriculture.

C. Agriculture is state's number 1 industry

1) Of that, industry livestock and related meat processing is the largest sector.

D. Using FY 1981, slaughter and processing totals and the cost of state inspection, State Meat & Poultry Inspection cost the Kansas consumer, interested in wholesome economical meat, \$0.05 per pound per year of processed meat or \$0.65 per capita per year.

E. Kansas is among 27 states which retain state meat and poultry inspection.

III. The deletion of the State Meat & Poultry Inspection Program from Kansas is not a novel idea.

A. Interim Proposal No. 1 - Meat and Poultry Inspection -- to the 1977 Legislature.

- 1) The program was studied to determine whether the activity could be transferred to federal operation.
- B. The Special Committee found the following points of interest:
- 1) Refer to Proposal No. 1 pages 1-4 & 1-5.
 - 2) Problems of communications with federal government.
 - 3) Fear of communities losing viable businesses.
 - 4) Quality of meat and poultry products would diminish.
 - 5) Program is less expensive to the taxpayer whether a taxpayer of state taxes or federal taxes.
- C. The Special Committee concluded that the State Meat & Poultry Inspection Program should be continued.
- 1) They specifically noted that the program was "being performed with both a benefit to the consumer and at a savings to the taxpayer."
- D. Committee was chaired by Rep. John Vogel, with members: Sen. Don Christy; Rep. Clifford Campbell; Rep. Rex Crowell; Rep. Ambrose Dempsey; Rep. Walt Graber; and Rep. Lee Hamm.

MEMORANDUM

House Agriculture Committee

January 17, 1982

FROM: Kansas Legislative Research Department

RE: Meat and Poultry Inspection Division, Kansas State
Board of Agriculture

Kansas has conducted its present program of meat and poultry inspection since 1970. This program came about as a result of the provisions of the federal Wholesome Meat Act of 1967. At that time, states were permitted a period of two years in which to adopt meat inspection standards "at least equal to standards of federal inspection." The term "at least equal to" has been interpreted to mean strict federal standards must be met and maintained relative to sanitation, wholesomeness, health, labeling, and other inspection requirements. In addition to prescribing standards for the inspection of meat, the federal act also provided structural standards for the meat processing facilities. Finally, the federal act specified that federal agencies would assume all meat inspection functions within states which failed to adopt such standards. As a result of the federal act and its provisions, Kansas chose to maintain its own program of meat inspection. This came about with the approval by the Legislature and Governor of the Meat and Poultry Inspection Act (K.S.A. 65-6a18 et seq.) in 1969.

The Meat and Poultry Division of the Kansas State Board of Agriculture administers the provisions of the Meat and Poultry Inspection Act as well as the regulations promulgated by the Kansas State Board of Agriculture. Currently, the Meat and Poultry Division has 81.0 F.T.E. (full-time equivalent) classified positions. For FY 1983, the Division has a current approved budget of \$1,997,487, which does not reflect the Governor's 4 percent budget reduction. Of this amount, \$50,000 came from the Meat and Poultry Inspection Fee Fund, \$998,743 from the Federal Meat and Poultry Inspection Fund, and \$948,744 from the State General Fund. For FY 1984, the agency's Budget Level C request for the Division amounts to \$2,238,493. Of this amount, \$1,119,246 would be financed from the federal fund, \$50,000 from the Meat and Poultry Fee Fund, and \$1,069,247 from the State General Fund.

The Division is responsible for inspection at approximately 243 plants, divided into three categories. Of these 243, approximately 198 are inspected meat slaughtering and processing plants. These plants are permitted to slaughter, process, package, sell at retail, custom package for private individuals, and produce specialty meat products. Approximately 22 of the 243 plants are Curtis Exempt Amendment plants. These plants are permitted to purchase either federally inspected or state-inspected animal carcasses, then cut, repackage, and sell over the counter. The third category, custom meat slaughtering and processing plants, number 23 in the state. These plants are able to slaughter, process, package, and deliver meat back to private individuals. None of this meat is permitted to enter commercial channels. The Curtis Exempt Amendment plants and the custom meat slaughtering and processing plants receive limited supervision by the Meat and Poultry Inspection Division. The Division is responsible for checking only registration, sanitation, possible adulteration, and possible mislabeling at these facilities. The 198 inspected meat slaughtering and processing plants are subject to the Division's full inspection procedures.

These 243 plants pay an annual registration fee, which is deposited in the Meat and Poultry Inspection Fee Fund. Generally, the 198 inspected meat slaughtering and processing plants pay the \$100 registration fee. The remaining Curtis Exempt

Atch. 2

Amendment plants and the custom meat slaughtering and processing plants generally pay a \$75 registration fee. The federal Wholesome Meat Act of 1967 restricts states from charging fees for examinations and limits them the ability to charge more than a \$100 annual registration fee. Therefore, state inspected plants only pay the annual registration fees, regardless of the number of days state inspectors are present or the number of animals which are slaughtered.

In his message to the 1976 Legislature, Governor Robert Bennett recommended that the Legislature repeal the Kansas Meat and Poultry Inspection Act. As a result of this recommendation, the House Committee on Governmental Organization introduced 1976 H.B. 3205 which, if it had been adopted, would have repealed the state Act. The bill was ultimately stricken from the Calendar, after having not progressed from its initial assignment to the House Committee on Governmental Organization.

The 1976 Special Committee on Agriculture and Livestock was then directed by the Legislative Coordinating Council to determine the desirability of the continuation of funding and maintenance of the state-operated program of meat and poultry inspection. That Committee concluded in its Committee report as follows:

Upon comprehensive review of Proposal No. 1, the Committee has concluded that it is desirable to continue the present operation of the Kansas meat and poultry inspection program. The Committee feels that the present operation of this program is being performed with both a benefit to the consumer and at a savings to the taxpayer. The Committee feels strongly that the present program is responsible for the high quality of meat processed in the state and would not support legislation which could damage that quality.

Although the Committee is committed to the preservation of the present state program of meat and poultry inspection, it is also cognizant of the fiscal considerations expressed by many. For that reason, the Committee recommends that the federal government finance the Talmadge-Aiken Program. As an alternative to federal financing the Committee recommends that the Division of Meat and Poultry Inspection of the State Board of Agriculture discontinue its staffing of inspectors at the Talmadge-Aiken plants of the state. As noted previously, there are currently six Talmadge-Aiken plants in Kansas. The Committee found that should the federal government assume the total financing of the Talmadge-Aiken Program or should the state discontinue its participation in the Talmadge-Aiken program, 11 of the 12 FTE positions could be dropped from the Division's budget. The net savings to the state, based on the FY 1978 budget projections, would be \$74,700, or 8.4 percent of the state's general fund total support of the division's operation.

The Talmadge-Aiken Program was then terminated effective June 30, 1977.

At present, 27 states have agreements with United States Department of Agriculture for meat and poultry regulation. Both Iowa and Oklahoma have retained state programs, but the other three surrounding states have gone to a fully federal program — Nebraska in 1971, Missouri in 1972, and Colorado in 1975.