

MINUTES OF THE HOUSE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on February 4, 2004, in Room 423-S of the Capitol.

All members were present.

Committee staff present:

Raney Gilliland, Legislative Research Department
Gordon Self, Revisor of Statutes Office
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Justin Holstin, Executive Director, KanPERC
George Teagarden, Livestock Commissioner, Kansas Animal Health Department
Mike Beam, Senior Vice President, Kansas Livestock Association
David Cross, Lewis, Kansas (written only)
Chris Wilson, Executive Director, Kansas Dairy Association
Brad Harrelson, Associate State Director, Governmental Relations, Kansas Farm Bureau
Donn Teske, President, Kansas Farmers Union
Eric Krug, Kansas Federation of Animal Owners (written only)
Doran Junek, Executive Director, Kansas Cattlemen's Association
David Pfrang, Goff, Kansas

Others attending:

See attached list.

Leslie Kaufman, Government Relations Director, Kansas Cooperative Council, requested introduction of a committee bill to allow grain warehouses to dump grain on the ground in emergency situations. There being no objections, the Chairman so ordered.

In accordance with legislation passed last session that created the Kansas Propane Education & Research Council, Justin Holstin, Executive Director, KanPERC, submitted the Council's annual report and responded to committee questions. (Attachment 1)

Hearing on HB 2593 - Establishing animal identification program

Chairman Johnson opened the hearing on **HB 2593**. Raney Gilliland explained that this legislation would authorize and direct the Livestock Commissioner to develop and implement a program, consistent with the provisions of any federal identification program, of data collection, animal identification, and premise registration for the purpose of preventing, tracking and eradicating infectious or contagious diseases in Kansas livestock. Such program shall be called the Kansas Animal Identification Program. The bill would authorize the Commissioner to establish policies and adopt rules and regulations; hire employees; enter into agreements with federal officials, other state officials, or private industry to coordinate efforts and share records and data; establish a uniform system of data collection; and assess fees to administer the program. A civil penalty provision and an exception to the open records act are also a part of this legislation.

Mr. Gilliland called the committee's attention to the fact that there is no definition of "livestock" in the bill; that most often the legislature sets some parameters as to fees; and a reminder that it is the responsibility of the legislature to set state policy. There is a fiscal note expenditure on the bill of \$118,446, \$92,446 for salaries and \$26,000 for other operating expenditures from the State General Fund in FY 2005.

George Teagarden, Livestock Commissioner, Kansas Animal Health Department, appeared in support of **HB 2593**. He reported that a working group of approximately 70 producer representatives and 30 government officials, formed with the blessing of the United States Animal Health Association, has worked on a National Animal Identification Plan. The plan calls for a cooperative effort by state animal health departments, USDA Veterinary Services, and producers. As the plan is currently drafted, the first phase, premise identification, is to start July, 2004.

CONTINUATION SHEET

MINUTES OF THE HOUSE AGRICULTURE COMMITTEE at 3:30 p.m. on February 4, 2004 in Room 423-S of the Capitol.

Commissioner Teagarden reported that the United States Animal Identification Plan outlines the responsibilities of individual states as well as the federal government. State responsibilities will include premise identification, recording of intrastate movement, and collecting and forwarding to the national database records of interstate movement. The department believes current statutes give them the authority to implement an identification program in conjunction with the USDA. They requested this legislation to authorize the department to assess fees, if necessary, and to impose penalties on those who choose not to participate. Although he believes the federal government will provide funds to states for implementation, he doesn't believe this program can be implemented in Kansas without additional resources. ([Attachment 2](#))

Mike Beam, Senior Vice President, Kansas Livestock Association, testified in support of **HB 2593** to engage the state, and empower the Kansas Animal Health Department, in the implementation of the United States Animal Identification Plan. He highlighted important aspects of the national plan, included with his testimony, and discussed why KLA believes it is important for the Kansas Legislature to enact legislation during the 2004 session. Eleven species are identified in the USAIP report with the initial focus on cattle, swine, and small ruminants. He reported that the USAIP envisions three phases, the first phase involving the identification of "premises" with the recommended time frame for all states to have premise identification in place by July, 2004. Individual or group/lot identification would be required by July, 2005, for interstate movement and by July, 2006, for all cattle entering commerce (interstate & intrastate movement).

The Kansas Livestock Association believes there are significant advantages to a program that has the full support and involvement of state animal health officials. The most immediate advantage is the phase of defining, identifying, and registering cattle premises. Passage of **HB 2593** will allow the Kansas Animal Health Department sufficient time to develop and facilitate a premise registration system. He acknowledged that there would be some concerns about the possible creation of new fees to fund the initial registration phase; however, he doesn't believe the Kansas Animal Health Department can move ahead in a progressive manner without federal resources or fee revenue. The Association believes the state should be actively engaged in the inevitable implementation of such a program. ([Attachment 3](#))

David Cross, Lewis, Kansas, submitted written testimony in support of **HB 2593** to involve the Kansas Animal Health Department in the national animal identification program. He believes the most important aspects of any identification program should contain: 1) Opportunities for producer input; 2) Minimal costs to producers; and 3) Opportunities for private industry to maintain the data base. ([Attachment 4](#))

Chris Wilson, Executive Director, Kansas Dairy Association, appeared in support of **HB 2593** and a national animal identification system. The Kansas Dairy Association wants a system that allows incorporation of existing dairy animal identification systems. The Association believes it is important to give the Kansas Animal Health Department the authority and necessary tools to carry out the responsibilities it will be given from the federal government. They believe that implementation authority exists under current law, but support clarifying that through this legislation. They do believe the portion of the bill related to fee authority requires further work. ([Attachment 5](#))

Brad Harrelson, Associate State Director, Governmental Relations, Kansas Farm Bureau, offered their qualified support for **HB 2593**. Their membership is concerned about the associated costs to producers and their ability to comply with the program. They believe the costs should be shared among all others who ultimately benefit and suggest that it is appropriate for State General Fund money to be made available to apply to any state costs associated with running the program. Their members are also concerned about confidentiality of the information provided and do not support civil penalties as suggested in the bill. ([Attachment 6](#))

Donn Teske, President, Kansas Farmers Union, testified in support of creating a national animal identification program, but believes the state should wait to see what the national program will be before considering **HB 2593**. He asked that the Committee keep the rights of the private animal owner the number one priority; make sure the costs of implementing the program are distributed evenly throughout the industry; encourage implementing the Country of Origin Labeling Program at the same time; and consider administering the program through the Kansas Department of Agriculture rather than the Kansas Animal Health Department. ([Attachment 7](#))

CONTINUATION SHEET

MINUTES OF THE HOUSE AGRICULTURE COMMITTEE at 3:30 p.m. on February 4, 2004 in Room 423-S of the Capitol.

Eric Krug, Kansas Federation of Animal Owners, submitted written testimony in opposition to **HB 2593**, expressing concern with the financial impact to animal owners. He proposed administering the Kansas Animal Identification Program under the authority of the Kansas Department of Agriculture. (Attachment 8)

Doran Junek, Executive Director, Kansas Cattlemen's Association, spoke in opposition to **HB 2593**, stating that it is premature to implement a state program before the framework of the national animal identification program is in place. He expressed concern in regard to the hiring of additional staff, program fees, premise inspections, and the fact that it will be a closed system and will not be accessible for use in the Country of Origin Labeling Program. (Attachment 9)

David Pfrang, Goff, Kansas, appeared in opposition to **HB 2593** believing the state should wait until the federal animal identification program is in place. (Attachment 10)

Dr John Haggard, a veterinarian with the Kansas Horse Council, discussed the bill in relation to registering premises and the sale/transfer of horses.

There being no other conferees, Chairman Johnson closed the hearing on **HB 2593**.

The meeting adjourned at 5:35 p.m. The next meeting is scheduled for February 9, 2004.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 4, 2004

NAME	REPRESENTING
Debra Duncan	Ks Animal Health
George Teagarden	KAMD
Mike Begm	Ks. LUSTK. Assn.
Tom Doherty	KFV
David Pfanz	producer
Doran June K	KCA
Twila Drybread	Division of the Budget DOB
Wanda Kinney	KCA
Eric Kaug	K-FED
Ellie Martin	Ks. Livestock Assoc.
Dr Tom Haggard	Kansas Horse Council
Jared Holste	Rep Johnson
Todd Johnson	KLA
Chris Wilson	KS Dairy Association
Jesse McCurry	Commerce
BRAD HARRELSON	KFB
Christy Davis	Kansas State Historical Socy
KEN Rahjer	KS Dairy Assn.
Mary Ann Staniewicz	KGFA/KARA



KanPERC

The Kansas Propane Education & Research Council

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www.propaneinkansas.org
kanperc@propaneinkansas.org

February 2, 2004

Chairman Johnson and Members of the House Agriculture Committee;

In accordance with HB 2038 passed last year that created the Kansas Propane Education & Research Council, we present this letter to you as the official report and communication on behalf of the Council.

As you know, KanPERC became effective September 1, 2003 at 2/10 of a cent per gallon on odorized propane destined for end consumer use in Kansas. As of February 2, 2004 the Council has received a total of \$118,464 for the collection months of September through December.

The Council held its first meeting in November with the emphasis of establishing and organizing the operations of KanPERC. The Governor was given a list of suggested appointments to the Council on July 1st and in late October the following were members were appointed to the Council:

Greg Noll, Topeka, elected chairman
Dick Dougherty, Great Bend, elected vice chairman
David DuVall, Garden City, elected secretary/treasurer
Jim Brewer, Leon
Nadene Ervin, Chanute
Don Sutton, Kansas City
Cody Wray, Wichita
Ron Clark, McPherson
Ken Larson, Wellsville

The Council has established by-laws and a procedures' manual that provide direction for meeting the educational and safety mandates of the Council and provide information on the operations of the Council to the public. We have also launched a website dedicated to education and information for the public and the industry use. This website can be found at www.propaneinkansas.org.

In late July an effort was made through letters and press releases to contact members of the industry to notify them of the beginning of the KanPERC assessment. The Council will continue to discuss potential industry members that are not paying the assessment, and ways in which to reduce the burden on reporting companies.

The Council has adopted a strategic planning and a conservative approach to the use of KanPERC funds. That is, no funds will be expended for classes or other educational programs

KanPERC--an industry commitment to the safety and education.

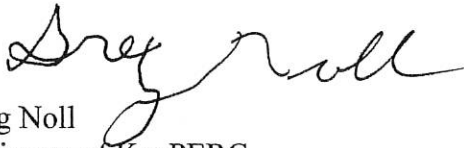
House Agriculture Committee
February 4, 2004
Attachment 1

until, at the earliest, July 1, 2004 in order to properly project a budget of the coming year. Instead of starting projects, and potentially falling short of funds, it was decided that the Council would collect for almost a year in order to project yearly income to KanPERC and then proceed with new programs. As we told you last year, the Missouri PERC almost went bankrupt the first year due to overspending.

Over the next few months at the Council meetings, we will be discussing what classes are necessary and how to better reach out to the community and the public to offer education and awareness about propane and propane safety, and then create plans on how to best implement these programs.

If you have any questions or concerns, please do not hesitate to contact the Council office.

Respectfully Submitted,



Greg Noll
Chairman of KanPERC
Ferrellgas, Topeka



Justin K. Holstin
Executive Director
KanPERC

KanPERC

Kansas Propane Education & Research Council

An industry commitment to the safety
and education of Kansans.

Manual of Assessment Procedures

KanPERC

*An industry commitment to the
safety and education of
Kansans.*

Introduction and Explanation

This booklet explains the 'Kansas Propane Education and Research Council (KanPERC) Remittance Report', and other responsibilities of those involved with the remittance of funds through the Kansas Propane Education and Research Council program.

Under the provisions of House Bill 2038 and the Kansas Propane Education & Research Act (KanPERA) of 2003, the propane industry in Kansas was authorized and directed to establish the Kansas Propane Education & Research Council (KanPERC) and to collect funds for the use of research, education, and safety education.

The Kansas Propane Education & Research Act provides that the Council "shall consist of ten members, including four members representing retail marketers of propane; two members representing wholesalers, resellers, suppliers and importers of propane; two members representing manufacturers and distributors of propane gas equipment and transporters of propane; and one public member; and the state fire marshal or the state fire marshal's designee who shall serve as an ex officio member."

Council meetings are open to the public and fall under the requirements of the Kansas Open Meetings Act (KOMA).

KanPERC is mandated by law to establish programs for the advancement of Kansas' propane industry in the areas of:

- Consumer and employee safety and training
- Public information and education about safety and other issues associated with the use of propane
- Research and development of clean, safe and efficient propane utilization equipment

This manual was developed by KanPERC pursuant to its authority under Kansas state law and should be used by industry members to report assessment payments. If you have any questions about the assessment process or the Council programs, please call 785/354-1749, or email KanPERC@pmak.net.

Remittance Requirements

The Kansas Propane Education and Research Act requires that

- The owner of propane at the time of odorization, or the time of import of odorized propane, shall make the assessment based on the volume of odorized propane sold and placed into commerce.
- The assessment, when made, shall be listed as a separate line item on the bill labeled "Kansas Propane Education & Research Assessment" or "KanPERC."
- Assessments collected from purchasers of propane are payable to the council on a monthly basis by the 25th of the month following the month of collection. If

payment is not made to the council by the due date under this subsection, an interest penalty of 1% of any amount unpaid shall be added for each month or fraction of a month after the due date, until final payment is made.

- In accordance with antitrust laws, the Council can take no action, nor may any provision of the 'Act' be interpreted as establishing an agreement to pass along to consumers the cost of the assessment. In all cases, market forces shall determine the price of propane.
- Any person who unreasonably fails or refuses to pay any assessments due under this act may be subject to legal action by the council to recover the assessments due, plus interest and costs.
- "Placed into commerce" shall be defined as—being delivered, transported for storage, or sold within the State of Kansas.
- "Sold" shall be defined as—when the title to the propane is transferred.
- Under the Kansas Propane Education and Research Act all odorized propane transactions coming from a refinery or gas plant, when title is transferred at the refinery or gas plant or when odorized product is transported into Kansas for sale is subject, by law, to the assessment.
- Any and all subsequent transactions or transfers of odorized propane subject to the assessment of the Kansas Propane Education and Research Act shall also be included in the bill and labeled "Kansas Propane Education and Research Assessment" until final distribution to the end user of propane.
- The rate of assessment for the Kansas Propane Education and Research Council was established by the Kansas Propane Education and Research Act at 2/10th of a cent per gallon, effective September 1st, 2003.
- Compliance with the Kansas Propane Education & Research Act and the Kansas Propane Education & Research Council is mandatory by law.

Remittance Reports

The following rules have been adopted by KanPERC to efficiently implement remittance of the KanPERC fee:

- Forms must be completely filled in.
- Remittance reports must be filed within 25 days after the end of each month for which an assessment is due by the party who has legal title to the product as the odorant is added. This is the party responsible for remitting the assessment to KanPERC with the Remittance Report.
- **Electronic Filing** - Remittance reports may be submitted via email to KanPERC@pmak.net utilizing the Microsoft Excel format established by KanPERC. The Excel remittance spreadsheet can be downloaded from the KanPERC Web Site at www.propaneinkansas.org. Electronic fund transfers will be available once the process is completed with the bank, all filers will be notified.
- **Manual Filing** - Remittance reports can be submitted manually via mail.
- A check or money order for the amount of assessments is to be remitted to the Kansas Propane Education & Research Council (KanPERC) with the monthly report.

- Assessments shall be made on all gallons of odorized propane sold and placed into commerce or imported into Kansas.
- No assessment shall be made on un-odorized propane.
- The Kansas Propane Education & Research Council has the responsibility for monitoring compliance with this law. Failure to properly remit assessments could result in legal action by the Council to compel compliance.
- A late payment charge and interest is required under the Act and will be imposed, and enforced, by the Council.
- The Council will retain an accounting firm who will be responsible for auditing assessments and refunds on behalf of the Council.
- **All information submitted to KanPERC will be treated as confidential by KanPERC staff and accounting agents. Members of the Council will not have access to company specific data except for audit or enforcement purposes and only in such limited detail as required for decision making.**

Glossary of Terms

Assessment - The amount of money payable to KanPERC on sales of odorized propane pursuant to KanPERA. The assessment is 2/10 of 1 cent per gallon (\$.002) effective September 1, 2003.

Awareness—any action that provides information or safety guidelines about propane, propane equipment, mechanical and technical practices and uses of propane to propane consumers or industry employees.

Council—the Kansas Propane Education & Research Council or KanPERC.

Education—any action that provides information, instruction or safety guidelines about propane, propane equipment, mechanical and technical practices and uses of propane to propane consumers or industry employees.

Industry—those persons involved in the production, transportation and sale of propane gas and in the manufacture and distribution of propane utilization equipment.

Industry trade association—an organization that represents a segment of the industry and which is exempt from tax under section 501 (c) (3) or (c) (6) of the Federal Internal Revenue Code of 1986, as in effect on July 1, 2002.

Manufacturer and distributor of propane gas equipment—any person engaged in the manufacturing, assembling and marketing of appliances, containers and products used in the propane gas industry and any person in the wholesale marketing of appliances, containers and products used in the propane gas industry.

Odorized propane—propane to which odorant has been added.

Owner of Odorized Propane—The party who has legal title to the product as the odorant is added. That person is the party responsible for remitting the assessment to KANPERC. This party may be a producer, a wholesaler, or a marketer. This also includes importers of odorized propane into the State of Kansas.

Person—any individual, group of individuals, partnership, association, cooperative, corporation or other legal entity.

Producer—The owner of propane at the time it is recovered at a gas processing plant or refinery.

Propane—propane, butane, mixtures and liquefied petroleum gas as defined by the national fire protection association standard, liquefied petroleum gas code, the chemical

composition of which is predominantly C₃H₈, whether recovered from natural gas or from crude oil.

Public member—a member of the council selected from among users of odorized propane, organizations representing users of odorized propane, public safety officials or state propane gas regulatory officials.

Qualified industry organization—the propane marketers association of Kansas, a successor association or any other propane industry organization or industry trade association the members of which are engaged in the sale or distribution of odorized propane, or the sale of propane utilization equipment, to the ultimate consumer.

Research—any type of study, investigation or other activity performed by a qualified public or private research group for the purpose of advancing and improving the existing technology related to the propane industry, including the development of increased efficiency of propane use, enhancing the safety of propane and propane utilization equipment and furthering the development of such information and products.

Retail marketer—any person engaged in the sale of odorized propane to the ultimate consumer or to retail propane dispensers within Kansas.

Retail Propane Dispenser—A person who sells odorized propane to the ultimate consumer but is not engaged primarily in the business of such sales (e.g., hardware stores, campgrounds, and service stations).

Sold and Placed into Commerce—The sale of propane destined for the ultimate consumer or a retail propane dispenser by a producer, wholesaler or another marketer to a marketer. Copies of invoices showing the KanPERC assessment as a separate line item and a copy of the bill of lading (BOL) for each load must be included with the completed forms. Delivered, transported for storage or sold within the state of Kansas.

Transporter—any person involved in the commercial transportation of propane by pipeline, truck, rail or water.

Ultimate Consumer - Where the product is consumed.

Wholesaler, reseller, supplier or importer—the owner of the propane at the time it is first sold to a retail marketer in Kansas regardless of the state where production occurs, with ownership of the propane determined by the freight on board designation.

Wholesaler—A party who purchases and re-sells propane not for their own use. A wholesaler may also be a broker or a wholesale propane marketer.

Forms

The forms on the following pages are to be used for reporting assessments and for submitting requests for refunds. They can be removed from the manual and used as masters to make copies as needed. Additional masters are available from KanPERC.

Form K-01 Remittance Report: is to be used for reporting all assessment activity as an overall report of activity, and should be accompanied by a check or money order made payable to the Kansas Propane Education and Research Council or KanPERC. This is to be the totals cover sheet where information from other forms is compiled.

Form K-02 Remittance Worksheet: is to be used to report assessment activity. To remit, use form K-01 as the cover sheet to the K-02 forms and include a check or money order made payable to KanPERC.

You may also report the forms via email by using K-02 on email to report assessments and sending K-01 with a check or money order made payable to the Kansas Propane Education & Research Council or KanPERC.

--Mail necessary forms and check payable to:
KanPERC
214 SW 6th Ave., Suite 305
Topeka, KS 66603

Frequently Asked Questions

Does a marketer who buys unodorized product have to pay when he causes it to be odorized?

Yes. The law places the obligation for payment of the assessment on the owner of the product at the time it is odorized. If you now own unodorized propane and you have it odorized, either by yourself or by a storage cavern, terminal operator or loading rack, either for your own use or for sale to another, then you must pay the assessment to KanPERC.

Does a chemical company or other end-user of unodorized propane have to pay if he sells odorized propane to someone else?

Yes. Anyone who owns unodorized propane and then sells odorized propane to another is responsible for reporting and remitting the assessment on the volume of that propane at the time that it is odorized.

May I wait to pay the assessment until after I have collected the money from my customer?

No. The assessment is to be made on all propane at the time it is odorized—or on odorized propane at the time that it is imported into Kansas—and must be paid to the Council on the 25th of the month following its odorization or import. Whether you are a producer, marketer or an importer; if you own propane at the time it is odorized, you are obligated by law to pay the assessment by the due date.

May I pay electronically?

No, at this time KanPERC has not established the means for electronic transfers. Until KanPERC has established banking relationships that will allow for electronic transfers, all payments should be made by check or money order and should accompany the Remittance Report form K-01. You may however submit the forms electronically and then send Form K-01 along with a check or money order, at KanPERC@pmak.net

May I be reimbursed for my administrative costs of compliance?

Payment is not required until the 25th of the month following the month in which the product is odorized or imported. This allows collectors/remitters of the assessment the use of these funds for a period of 25 to 55 days. This “float” is intentional in order to help defray administrative expenses.

What If I am a marketer in another state that imports odorized propane into Kansas to service customers I may have in Kansas?

You are required by law to self-assess the fee for all odorized propane you import into Kansas. From time to time KanPERC will conduct audits to assure compliance by all companies operating in Kansas.

If I am paying an assessment to another state program, may I deduct that amount from the KanPERC assessment or vice versa?

No.

Is the Council restricted in how they may invest the funds collected?

Yes. Pending disbursement, the Council may invest available funds only in obligations of the U.S. or any government agency, in general obligations of any State or political subdivision, in any interest-bearing account or CD of a Federal Reserve System (FDIC) member bank, or in obligations fully guaranteed as to principal and interest by the U.S.

As a marketer or supplier, may I serve on the KanPERC Council?

Yes. All Kansas marketers & suppliers are eligible to serve on the KanPERC Council and are encouraged to do so. Applications are available at the KanPERC office.

How is State government involved in this program?

The Kansas Legislature through the House & Senate Agriculture Committees will receive yearly reports and updates as to the expenditures, collections, administration, and functions of KanPERC as well as the programs that are being implemented.

The KanPERA Act

The Kansas Propane Education & Research Act

As Amended by Senate Committee

As Amended by House Committee

Session of 2003

HOUSE BILL No. 2038

By Committee on Agriculture

1-21

AN ACT creating the **Kansas propane education and research council**; providing for the powers, duties and functions thereof; providing for certain assessments.

Be it enacted by the Legislature of the State of Kansas:

Section 1. This act shall be known and may be cited as the **Kansas propane education and research act**.

Sec. 2. As used in this act:

- (a) "Council" means the Kansas propane education and research council established in section 3, and amendments thereto;

- (b) "education" means any action that provides information, instruction or safety guidelines about propane, propane equipment, mechanical and technical practices and uses of propane to propane consumers or industry employees;
- (c) "awareness" means any action that provides information or safety guidelines about propane, propane equipment, mechanical and technical practices and uses of propane to propane consumers or industry employees;
- (d) "industry" means those persons involved in the production, transportation and sale of propane gas and in the manufacture and distribution of propane utilization equipment;
- (e) "industry trade association" means an organization that represents a segment of the industry and which is exempt from tax under section 501 (c) (3) or (c) (6) of the federal internal revenue code of 1986, as in effect on July 1, 2002;
- (f) "manufacturer and distributor of propane gas equipment" means any person engaged in the manufacturing, assembling and marketing of appliances, containers and products used in the propane gas industry and any person in the wholesale marketing of appliances, containers and products used in the propane gas industry;
- (g) "odorized propane" means propane to which odorant has been added;
- (h) "person" means any individual, group of individuals, partnership, association, cooperative, corporation or other legal entity;
- (i) "placed into commerce" means delivered, transported for storage or sold within the state of Kansas;
- (j) "propane" means propane, butane, mixtures and liquefied petroleum gas as defined by the national fire protection association standard, liquefied petroleum gas code, the chemical composition of which is predominantly C₃H₈, whether recovered from natural gas or from crude oil;
- (k) "public member" means a member of the council selected from among users of odorized propane, organizations representing users of odorized propane, public safety officials or state propane gas regulatory officials;
- (l) "qualified industry organization" means the propane marketers association of Kansas, a successor association or any other propane industry organization or industry trade association the members of which are engaged in the sale or distribution of odorized propane, or the sale of propane utilization equipment, to the ultimate consumer;
- (m) "research" means any type of study, investigation or other activity performed by a qualified public or private research group for the purpose of advancing and improving the existing technology related to the propane industry, including the development of increased efficiency of propane use, enhancing the safety of propane and propane utilization equipment and furthering the development of such information and products;
- (n) "retail marketer" means any person engaged in the sale of odorized propane to the ultimate consumer or to retail propane dispensers within Kansas;
- (o) "transporter" means any person involved in the commercial transportation of propane by pipeline, truck, rail or water; and
- (p) "wholesaler, reseller, supplier or importer" means the owner of the propane at the time it is first sold to a retail marketer in Kansas regardless of the state where production occurs, with ownership of the propane determined by the freight on board designation.

Sec. 3.

- (a) The Kansas propane education and research council is hereby created. Members of the council shall be appointed by the governor from a list of nominees submitted by qualified industry organizations within 60 days after the effective date of this act. The council shall consist of ten members, including four members representing retail marketers of propane; two members representing wholesalers, resellers, suppliers and importers of propane; two members representing manufacturers and distributors of propane gas equipment and transporters of propane; and one public member; and the state fire marshal or the state fire marshal's designee who shall serve as an ex officio member.
- (b) Members of the council shall serve terms of three years, except that, of the initial members, three shall be appointed for terms of one year and three shall be appointed for terms of two years, as designated by the governor. Members filling unexpired terms shall be appointed in a

manner consistent with this section. Members may serve a maximum of two consecutive full terms, except that members filling unexpired terms may serve a maximum of eight consecutive years. Former members may be reappointed if they have not been members for a period of two years.

(c) The council shall select from among the council's members a chairperson and other officers as necessary, establish committees and subcommittees of the council and adopt rules and regulations and bylaws for the conduct of business. The council may establish advisory committees of persons other than council members.

(d) The council may employ an executive director to serve as chief executive officer and such other employees as it deems necessary. The council shall determine the compensation and duties of each and shall protect the handling of council funds through fidelity bonds.

(e) The administrative costs of operating the council shall not exceed 10% of the funds collected in any fiscal year.

(f) At the beginning of each fiscal year, the council shall prepare a budget plan that includes the estimated costs of all programs, projects and contracts of the council. The council shall provide an opportunity for public comment on the budget. The council shall prepare and make available to the public an annual report detailing the activities of the council in the previous year, those planned for the coming year and costs related to the activities.

(g) The council shall keep minutes, books and records that clearly reflect all of the acts and transactions of the council. The books of the council shall be audited by a certified public accountant at least once each fiscal year and at such other times as the council may designate. Copies of audits shall be provided to the executive director, to all members of the council and to any other member of the industry upon request.

(h) The council shall be subject to the Kansas open meetings act and shall require reports on the activities of the committees and subcommittees and on compliance, violations and complaints regarding the implementation of this act.

(i) The council shall develop programs and projects and enter into contracts or agreements for implementing this act, including programs to enhance consumer and employee safety and training, programs to provide research and development to improve existing propane technology, programs to increase efficiency of propane use and any other programs to educate the public about the safety and environmental aspects of propane. Safety issues shall receive first priority in the development of all programs and projects funded by the council. The funds collected for the council shall not be used to promote one energy source over another. In developing programs and projects and entering into contracts or agreements for implementing the provisions of this act, the council shall not use any funds collected by the council to provide for or assist the purchase of equipment related to such programs and projects by or for a private, for profit corporation or other business association or entity. The council shall not use any funds collected by the council to purchase consumer products or replace consumer products, including through cost-share programs, for Kansas consumers, except that the council may use such funds for the purchase of consumer products for displays in such programs or projects. The council shall provide for the payment of the costs of the programs and projects with funds collected pursuant to section 4, and amendments thereto, and shall coordinate the council's activities with qualified industry organizations to provide efficient delivery of services and to avoid unnecessary costs of duplication of activities.

(j) The council shall report annually to the house and senate committees on agriculture. Such report shall include details of council programs, projects and activities as provided pursuant to this act. The report provided in 2004 shall include a review of propane safety policies, statutes, rules and regulations in Kansas and adjoining states and shall include recommendations the council deems appropriate for policy, statutory or regulatory changes in Kansas to improve propane safety.

Sec. 4.

(a) Except as otherwise provided by law, there shall be an assessment as provided in this section on odorized propane. The council shall set the initial assessment at no greater than 2/10 of one cent per gallon of odorized propane. Thereafter, annual assessments shall be sufficient to cover the costs of plans and programs developed by the council. The assessment shall not be greater

than 3/10 of one cent per gallon of odorized propane, unless approved by the council. In no case may the assessment be raised by more than 1.10 of one cent per gallon of odorized propane annually.

(b) The owner of propane at the time of odorization, or the time of import of odorized propane, shall make the assessment based on the volume of odorized propane sold and placed into commerce. The assessment, when made, shall be listed as a separate line item on the bill labeled "Kansas propane education and research assessment" or "KanPERC." Assessments collected from purchasers of propane are payable to the council on a monthly basis by the 25th of the month following the month of collection. If payment is not made to the council by the due date under this subsection, an interest penalty of 1% of any amount unpaid shall be added for each month or fraction of a month after the due date, until final payment is made. The council may establish an alternative means of collecting the assessment if another means is found to be more efficient and effective. The council may establish a late payment charge and rate of interest to be imposed on any person who fails to remit or pay to the council any amount due under this act.

(c) Pending disbursement pursuant to a program, plan or project, the council shall invest funds collected through assessments, and any other funds received by the council, only in obligations of the United States or any agency thereof, in general obligations of any state or political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the federal reserve system, or in obligations fully guaranteed as to principal and interest by the United States.

(d) The price of propane shall be determined by market forces consistent with antitrust laws and no provision of this act shall be interpreted as allowing a pass through to consumers of the assessment determined by the council pursuant to subsection (a).

(e) Any rebate funds received from the national propane education and research council from assessments collected on odorized propane distributed from Kansas shall be the property of the Kansas propane education and research council and the use of such funds shall be determined by the Kansas council for the intended purposes of this act.

(f) Any person who unreasonably fails or refuses to pay any assessments due under this act may be subject to legal action by the council to recover the assessments due, plus interest and costs.

Sec. 5. Except as provided in subsection (j) of section 3, moneys collected by the council shall be expended only for the purposes of this act and shall not be used in any manner for influencing legislation or for political campaign contributions.

Sec. 6. The provisions of this act do not preempt or supersede any other program relating to propane safety or education which has been organized and is operating under the laws of this state.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.

House Bill 2038 the Kansas Propane Education & Research Act was published and became effective as of July 1, 2003.

Revised December 3, 2003

1-13

Kansas Propane Education & Research Council Remittance Report

A verification of assessments due on sales of odorized propane. This form is required to be filed with KanPERC within 25 days after the end of the reporting month. Interest of 1% will be assessed on any unmade payments.

KanPERC--An industry commitment to the safety and education of Kansans.

For further information please see www.propaneinkansas.com

Company _____		Report for Month _____	
Address _____		Year _____	
City _____	State _____	Attach Manual Remittance Worksheet	
Zip _____		Total number of odorized gallons reported <u>305,777</u>	
Contact Person _____		Assessment due @ .002 per gallon \$ <u>611.55</u>	
Phone _____		penalties/interest (attach explanation) _____	
email _____ FAX _____		Total amount enclosed \$ <u><u>611.55</u></u>	
I the undersigned, certify that the above named company was the owner of the state volumes of propane at the time they were odorized or imported and that the information contained in this report is true and accurate			
Signature of Corporate Officer or Authorized Person _____		Mail necessary forms and check payable to KanPERC 214 SW 6th Ave., Suite 305 Topeka, KS 66603 Questions or comments please call 785/354-1749 or email kanperc@pmak.net	
Print Name & Title _____			
_____		February 2, 2004	
Date		_____	

1-14

Kansas Propane Education & Research Council Remittance Worksheet

Reporting Company _____
 Report for _____

Remittance Company	Date	Product	Refinerby Origin	Destination City/State	Odorized Gallons	KanPERC Amount
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
					Total Odorized	0.00
					Page Total	\$ -

STATE of KANSAS
KANSAS ANIMAL HEALTH DEPARTMENT

George Teagarden, Livestock Commissioner
708 S. Jackson, Topeka, Kansas 66603-3714
Phone 785/296/2326 Fax 785/296/1765
e-mail – gteagard@ink.org
web site – www.accesskansas.org/kahd

February 4, 2004

Mr. Chairman and Members of the House Agriculture Committee,

Thank you for introducing and conducting hearings on House Bill 2593. I am George Teagarden, Livestock Commissioner, Kansas Animal Health Department.

Animal identification is a topic that has been tossed around for several years among animal health officials in discussions at our United States Animal Health Association (USAHA) meetings. In order to trace animal disease, we need to be able to identify individual animals and have a system that enables us to track their past history. Today we cannot do that in an effective and timely manner.

About two years ago, a working group was formed with the blessing of the USAHA. That group, made up of approximately 70 producer representatives and 30 government officials, has worked in the interim on a National Animal Identification System. The latest draft of that plan was approved as a work-in-progress at last fall's annual meeting of the USAHA. The plan calls for a cooperative effort by state animal health departments, USDA Veterinary Services and producers. As the plan is currently drafted, the first phase, premises identification, is to start this year in July.

On December 30, 2003, USDA Secretary Veneman announced that the United States Animal Identification Program would be put on fast track. The discovery of BSE in the United States prompted that announcement. With a mature animal identification system, the animals associated with that outbreak could have been traced within a matter of hours, not 6 weeks.

The United State Animal Identification Program outlines the responsibilities of individual states as well as the federal government. State responsibilities will include premise identification, recording of intrastate movement and collecting and forwarding to the national database records of interstate movement.

Our department believes that KSA 47-608 gives us the authority to implement an identification program in conjunction with the USDA. Our reason for asking for specific legislation to implement the national program came about from our desire to have the ability to assess fees, if necessary, and to impose penalties on those who choose not to participate.

House Agriculture Committee
February 4, 2004
Attachment 2

I believe that the federal government will provide funds to states for implementation, although there has been no hard indication as to how much or for what. I do know that there is \$33 million in the President's budget request for animal ID. I am committed to utilizing federal funds to the fullest extent possible. However, this program cannot be implemented in Kansas without additional resources.

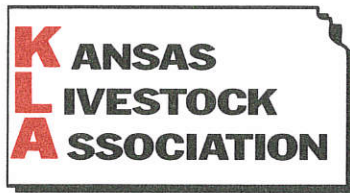
Kansas can prove our commitment to this much needed plan by approving this bill. This forum is a perfect opportunity to get discussions moving and to insure that all parties know what is happening in the arena of animal identification. Keep in mind this issue has been discussed on a national scale for a good long time. BSE has highlighted the need for such a system.

I am committed to working with all interested parties to make this system work for Kansas and the nation. We will make the implementation of this program as smooth and easy for our livestock producers as possible.

This system is manageable and will provide the animal health community a valuable tool to use in disease control and eradication.

Thank you for your attention.

Mr. Chairman, I will respond to questions.



Since 1894

TESTIMONY

To: The House Agricultural Committee
Rep. Dan Johnson, Chairperson

From: Mike Beam, Senior Vice President

Date: February 4, 2004

Subj: **House Bill 2593** – KAHD authority for participation in a national livestock identification program

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing over 6,000 members on legislative and regulatory issues. KLA members are involved in many aspects of livestock production, including cow-calf/stocker enterprises, cattle feeding, seed stock production and diversified farming operations.

Kansas ranked second nationally with 6.35 million cattle on ranches and in feedyards as of January 1, 2003. The state's beef industry consumes 72% of the corn, 16% of the soybeans, and 60% of the hay grown in Kansas. Cattle sales typically generate nearly two-thirds of all annual agricultural receipts.

The Kansas Livestock Association (KLA) is a proponent of HB 2593. We support this bill because it will engage the state, and empower the Kansas Animal Health Department, in the implementation of the "United States Animal Identification Plan" (USAIP) at the appropriate pace and in a manner that best fits the needs and interests of Kansas' livestock producers.

In our statement of support of HB 2593 I'd like to highlight important aspects of the national plan and emphasize why we feel it is important for the Kansas Legislature to enact legislation during the 2004 session.

USAIP

Attached to this testimony is a summary and highlights of the USAIP. Key points we should realize are:

- The plan has evolved over the past two years.
- The team that developed the plan consists of approximately 100 individuals who represent more than 70 associations, organizations, and government agencies. (Commissioner Teagarden serves on the Governance Subcommittee)

House Agriculture Committee
February 4, 2004

- USAIP is designed solely for disease control purposes with a goal of enabling animal health officials (within 48 hours) to identify individual animals or groups, the premises where they are located, and the date of entry to those premises.
- The plan envisions three phases, with the first phase involving the identification of "premises".
- The 11 species and/or industries would follow different time frames of implementation with the initial focus on cattle, swine, and small ruminants.
- The first recommended time frame is for all states to have premises identification in place by July 2004.
- Individual or group/lot identification would be required by July 2005 for *interstate* movement and by July 2006 for all cattle entering commerce (*interstate & intrastate* movement).

The USAIP specifically recommends that:

- ✓ Administration and management of the premises records is the responsibility of each state.
- ✓ States maintain and update the premises database.
- ✓ States maintain *intrastate* animal movement records.
- ✓ States report *interstate* movement to the national ID database.

It should be apparent, if you read the latest draft USAIP, that states are expected to play a significant role in an identification effort. This is a natural relationship, because states like Kansas has enjoyed a cooperative state-federal effort in animal disease control from the very beginning of government's efforts to attack and eradicate foreign and domestic animal diseases.

Despite the traditional state-federal relationship, there are several significant advantages to a program that has the full support and involvement of state animal health officials.

The most immediate advantage is the phase of defining, identifying, and registering cattle premises. While the USAIP has broad and conceptual language for defining a premise, there are many uncertainties as to how a premise could or should be defined in Kansas. Kansas has a large, sophisticated, and multi-faceted cattle industry that presents more premise definition challenges than small dairy herds in Vermont or beef cow herds in North Dakota. How will the USAIP and USDA/APHIS define and manage premise recordings for producers who send cattle to the Flint Hills for a 90-day grazing period and subsequently ship the yearlings to one or more custom finishing yards in western Kansas? Will the custom grazer be considered the premise, or is it the absentee landowner, who lives in California, but leases the grass on a year-to-year basis to a rancher in Chase County? What about a commercial cow herd owner in Russell County

who occasionally winters brood cows on corn stalks in Nebraska and backgrounds calves on wheat pasture in Harper County ... does the cow owner register multiple premises, or is the premise registered by the person who cares for the livestock?

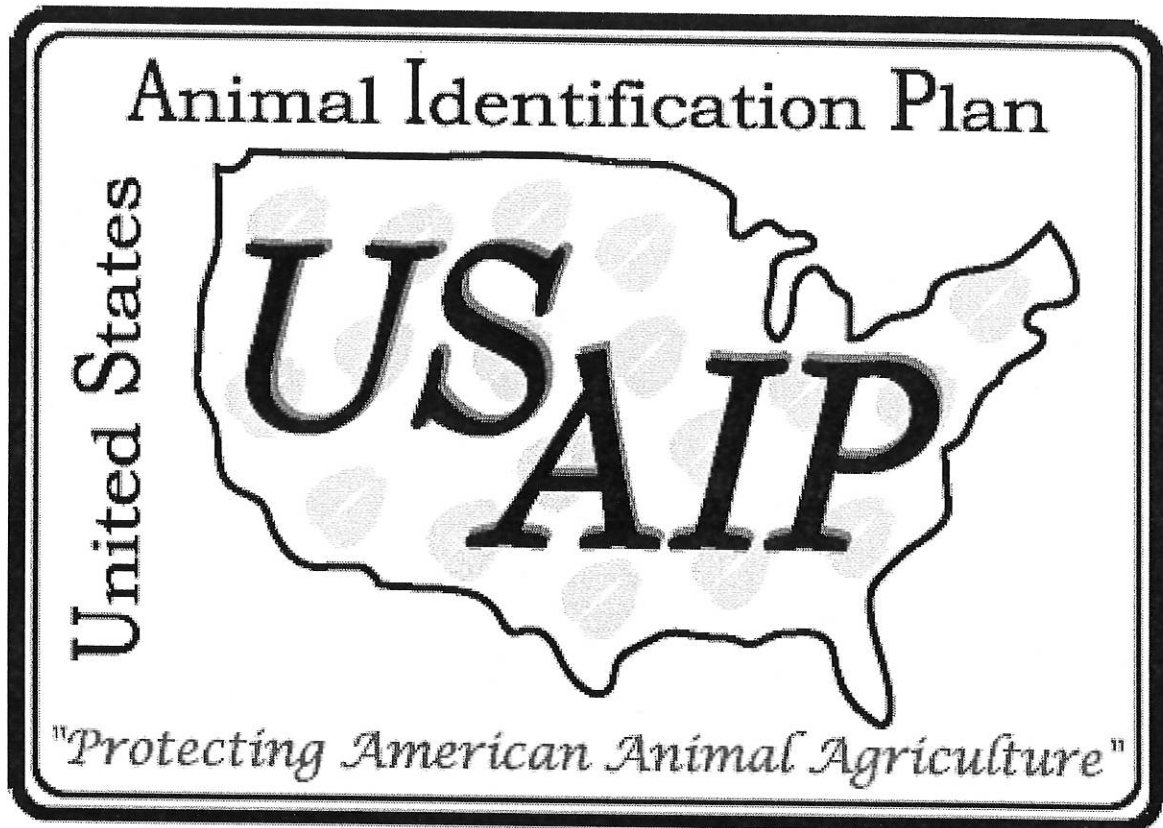
We need to address these questions and provide input to the USAIP as to how such a program will work best in Kansas. If the Kansas Animal Health Department and the various species industry groups engage in the process this spring, we can serve in a leadership capacity and not rely on governmental officials in North Dakota or New York to establish the parameters. HB 2593 clearly helps Kansas take the lead on this aspect of the USAIP.

Another major advantage of empowering the Kansas Animal Health Department with the passage of this bill by May 2004 is to allow sufficient time to set up the premise registration system and allow the agency, and all of us, more lead time to develop and facilitate a premise registration process.

There likely will be some concerns about the possible creation of new fees to fund the initial premise registration phase. Let's keep this fee in perspective. We contend the most important aspect of implementing a national livestock identification program is to be proactive, to lead and influence the process, and start as soon as possible. At times it is advisable to sit back and let other states or the federal government issue the guidelines and provide the funds. In Kansas, however, we have too much at stake to let others tell us how to govern and regulate our livestock industry. The Kansas Animal Health Department cannot move ahead in a progressive manner without federal resources or fee revenue. A \$10-\$20 premise registration fee is inconsequential to (1) the total costs of implementing a national identification program, (2) the efficiencies gained from a rapid trace-back program, and (3) the value of export markets we lose or gain from having this tool in place.

Our members have asked us to step in front of the identification parade and be engaged in the inevitable implementation of such a program. It is obvious the Kansas Animal Health Department shares this vision. I encourage the Kansas Legislature to join us and pass HB 2593.

Thank you for your attention and thoughtful consideration.



"A Work In Progress"

Version 4.1
December 23, 2003

Developed by:

National Identification Development Team

"A cooperative effort of industry and government"

www.usaip.info

Organizations and Government Agencies Participating in the Development of the USAIP

2002 National ID Task Force/ 2003 National ID Development Team

AgInfoLink	Idaho Department of Agriculture	PigCHAMP, Inc.
AgriTech Analytics	Illinois Department of Agriculture	Premier Sheep Supplies, Ltd.
Allflex USA, Inc.	Indiana State Board of Animal Health	Producers Livestock Marketing Association
American Angus Association	International Livestock Identification Association	QC Data
American Association of Bovine Practitioners	Iowa Department of Agriculture	R-CALF USA
American Association of Swine Veterinarians	Iowa Pork Producers Association	Seaboard Farms, Inc.
American Dairy Goat Association	Iowa State University	Smithfield Premium Genetics Group
American Farm Bureau Federation	Kansas Animal Health Department	South Dakota Department of Agriculture
American Sheep Industry Association	Kansas State University	Swift & Company
American Veal Association	Livestock Identification Services, Ltd.	Texas & Southwestern Cattle Raisers Association
American Veterinary Medical Association	Livestock Marketing Association	Texas Animal Health Commission
Antlers International	Louisiana Department of Agriculture	
APEIS / Cattle Trax	MFA, Inc.	
Association of Equipment Manufacturers	Minnesota DHIA	
Auburn University	Minnesota Veterinary Diagnostic Laboratory	Tyson Foods
BEEF Magazine	Missouri Department of Agriculture	United Producers, Inc.
California Animal Health and Food Safety Laboratory	Montana State University	United States Animal Health Association
California Department of Food and Agriculture	National Assembly of State Animal Health Officials	University of Arkansas
Canadian Cattle Identification Agency	National Association of State Departments of Agriculture	University of California, School of Veterinary Medicine
Cargill Pork	National Association of Animal Breeders	University of California-Davis
Cattle Buyers Weekly	National Beef Packing Co.	University of Illinois, Department of Animal Sciences
Cattle-Fax	National Cattlemen's Beef Association	University of Minnesota
Computer Sciences Corporation	National Dairy Herd Improvement Association	USDA, AMS, Livestock and Seed Program
Cooperative State Research, Education, and Extension Services	National Elk Breeders Association	USDA, AMS, LS Program, Standardization Branch
Council on Dairy Cattle Breeding	National Institute for Animal Agriculture	USDA, APHIS, Veterinary Services
CowTek, Inc.	National Livestock Producers Association	USDA, APHIS, VS, CEAH
DHI Computing Services, Inc.	National Milk Producers Federation	USDA, APHIS, VS, NVSL
Digital Angel, Inc.	National Pedigreed Livestock Council	USDA, CSREES
Drovers Journal	National Pork Board	USDA, FSIS
eMerge Interactive	National Pork Producers Council	West Virginia Department of Agriculture
Equity Cooperative Livestock Sales Association	National Renderers Association	Western Livestock Journal
Excel Corporation	Nebraska Brand Committee	Wisconsin Department of Agriculture, Trade and Consumer Protection
Farnam Companies, Inc.	Nebraska Department of Agriculture	Wisconsin Livestock Identification Consortium
FDA Center for Veterinary Medicine	New Mexico Livestock Board	World-Wide Sires
Federation of Animal Science Societies	North American Deer Farmers Association	
Global Animal Management	North American Meat Processors	
GlobalVetLink, L.C.	North Carolina Department of Agriculture	
Holstein Association	Optibrand Ltd., LLC	
	Oregon Department of Agriculture	
	Pennsylvania Department of Agriculture	

FAQs on the U.S. Animal Identification Plan

1. What is the U. S. Animal Identification Plan?

The U.S. Animal Identification Plan (USAIP) defines the standards and framework for implementing and maintaining a phased-in national animal identification system for the United States.

2. Why is this program needed?

A national animal identification system is needed to help protect American animal agriculture. This national plan, which identifies all food animals and livestock, will enhance disease preparedness by allowing the U.S. to identify any animals exposed to disease and will facilitate stopping the spread of that disease. In addition, it will provide benefits to industry in terms of market access and consumer demand. The USAIP will uphold the U.S.'s reputation for having a safe food supply and will promote continued confidence in agricultural or livestock products. Having a working system that allows for tracebacks to all premises that had direct contact with an animal with a foreign animal disease within 48 hours of discovery will reduce the financial and social impacts of such a disease.

3. Is this plan part of Country of Origin Labeling (COOL)?

No, the USAIP is not intended to be a part of Country of Origin Labeling. The plan's sole intent is to create the ability to track animal disease to its source within a 48-hour period.

4. Why 48-hour traceback capability?

To protect the health of the U.S. herd, sound scientific principles indicate that being able to track and contain a disease event within 48 hours is essential. For the industry to maintain consumer confidence and protect its economic viability, the industry will need to demonstrate its ability to meet this standard

5. What are the benefits for producers in adopting the U.S. Animal Identification Plan?

The adoption of a national identification system will help secure the health of the national herd. The program will provide producers and animal health officials with the infrastructure to improve efforts in current disease eradication and control, protect against foreign animal disease outbreaks and provide infrastructure to address threats from deliberate introduction of disease.

The industry may integrate the standards and technologies defined in the USAIP with their management systems and performance recording programs. The utilization of the same ID technologies for both regulatory and industry programs allows for the development of a more cost effective and user-friendly system for the producer. Producers can also benefit from additional animal identification information obtained to improve production efficiencies and add value to their products. However, the information systems are completely separate; production data will not be transmitted to nor maintained in the national identification databases.

6. How much will the program cost?

The plan for the program is currently being developed. Initial start-up costs will be different than the costs of a fully operational system in all 50 states.

7. Who will pay for the plan?

It is anticipated that the federal government and all industry stakeholders will share in the costs of an identification system.

8. Where do I get a premises ID?

The administration and maintenance of premises ID lies with each state's department of Agriculture. State departments will use a national mechanism to obtain a unique national premises ID, and will record additional information such as type of premises, contact name, address, and phone number to contact the person in charge of a premises. Key pieces of information will be sent to the national premises database that can be used in the case of a disease trace-back.

9. What forms of identification will be used?

The form of animal identification used is intended to optimize accuracy, promote efficient information transfer, and be practical and effective in its application for individual species and/or industries. Species groups will have the choice of designing a system that may or may not use accompanying visible ID. For example, the cattle industry plans to use radio frequency identification (RFID) technology using an eartag attachment.. Other species are exploring methods suitable for their industries, although effective official identification methods as described in the 9 CFR will be maintained for certain species. Electronic identification may be necessary for efficient and accurate data collection and animal tracking in some species or in particular animal movement scenarios. Official identification tags will not replace management ear tags unless the species groups establish those options. Ultimately it is anticipated that technological advances will allow for one tag or ID device that performs multiple functions. Implants (i.e., microchips) may be permitted for certain species in which no other form of ID is suitable and assuming that the implant site has been approved by the FDA and FSIS relative to ease of discovery at slaughter when appropriate.

10. Where do I get an official ID tag or device?

Currently the distribution mechanism for ID devices is being discussed. It has not been decided where and how a producer can obtain official ID devices at this time. Different species will have different requirements in regards to the type of device that can be used, however standards in regards to RFID technology and code structure, and retention will ensure that various ID devices can be read with RFID readers that meet the same RFID technology standards.

11. Will producers need to have a radio frequency identification (RFID) reader?

Radio frequency (RF) technology is the form of electronic identification that is currently being considered. Producer's that have livestock that utilize RFID for official identification will not necessarily need to have a RFID reader. For example, the producer will be able to record the RFID code of the electronic device before it is applied to an animal and cross-reference the code with a visual-tag number. This will allow them to maintain a record of the RFID code without having to read (scan) the transponder. For cattle, the plan calls for the utilization of a RFID eartag attachment on which the RFID code is to be printed for visual readability. While reading and recording the RFID code manually is not ideal, it can be achieved.

An array of readers will be available on the market; ones that merely read and display the RFID code to ones that are attached to an advanced handheld computer. Palm type devices encased together with a built in reader are becoming quite popular.

12. Who will pay for RFID readers and their installation in markets and slaughter plants? Who will pay for the electronic identification devices?

The plan is being developed as an industry-government partnership, so it is expected that industry and the government will share the cost of the necessary elements. Exactly how those costs will be shared is currently under discussion within the various Species Working Groups.

13. If I am currently using an ID program through a private service or marketing alliance, will my ID be usable in the USAIP?

Yes, assuming the program you are using will be compliant with the official USAIP standards.

14. Should I, or my State Cattle Association, consider options for aligning ourselves with a database management provider so I can be sure I comply with the USAIP?

The Steering Committee would characterize such action as premature. There is definitely no urgency as no immediate implementation requirements have been established. The Steering Committee, and in the future, the USAIP Oversight Board, will clearly communicate dates that will call for action or producer-participation. The program will be phased in over time, and an adequate transition period will be established for producers to work into the system.

The USDA is taking necessary steps to have the standards established as official; the U.S. Animal Identification Number is an example. The standards established in the USAIP are to be recognized as official so industry initiatives that are developing programs containing an ID component may start to incorporate them if they so desire. Additionally, this will allow the standards to be used in various pilot projects that are being formulated. Also, please note that the timetables outlined in the USAIP are target dates, which will be updated through consensus of the Species Working Groups.

15. Who will be responsible for ID application in livestock?

During the phase in period, animals will need to be identified as they leave whatever premises they are on regardless of where they were born. After the first few years of the program, identifying animals will be the responsibility of the "premises of birth" producers. For producers who lack equipment for individual identification, tagging stations will be available.

16. What is a tagging station and where will such stations be located?

A tagging station is an entity operating from a fixed location that has been officially approved by USDA/APHIS to apply ID devices to animals that are being moved into commerce. The USAIP work plan recognizes that not all producers will have facilities to individually tag animals before they leave the farm. Therefore, producers who are required to individually tag animals that leave the farm can elect to truck animals to an approved tagging station and pay the operator of the tagging station a fee to apply individual animal ID devices and report the ID information to the central database. Such tagging stations may include, but not be limited to an existing livestock marketing facility, a veterinary clinic, a fairgrounds or a facility specifically dedicated to performing tagging services.

17. What data will be required to be kept, by whom and in what form?

This part of the plan is under development. It is anticipated that the final plan will be user-friendly such that it will be easy for all stakeholders to implement and make part of their daily practice. Ideally animal movements will be electronically tracked and sent from the stakeholders

to the central database. For the plan to be successful, this key part, i.e. data entry, will need to be easy to follow, thus achievable in real-time such that data entry becomes a routine management practice.

Only essential information will be reported to the central database. In the case of individual animals, this is: 1) an US AIN (US Animal Identification Number), 2) the premises ID that the US AIN was seen at or allocated to, and 3) the date it was seen or allocated. Additional information that can be important in a disease trace-back such as species, breed, sex, age or date of birth can also be reported if available. In the case of group or lot movements, the key data are the groups' Lot ID number, the premises ID the Lot ID number was seen at, and the date it was seen. If species is available, this can also be provided to the central database.

The goal of the work plan is to work with existing information systems so additional recording of information by producers and auction markets is minimized.

18. Who will have access to information in the National Animal ID Databases?

Only state and federal health officials will have access to the premises and animal ID information when performing their duties to maintain the health of the national herd. Proper safeguards are being researched and will be put in place to ensure that the data is protected from public disclosure.

19. What species are included in the program?

Currently, the species include beef, dairy, swine, and sheep. It is anticipated that equine, aquaculture, poultry, goats, camelids, cervids and any other species deemed necessary to protect animal agriculture will be included in the future.

20. Will this be a mandatory program?

Efforts are geared toward developing a national animal identification program that will provide for the ability to rapidly track animals exposed to a disease concern, and will meet the needs of producers, animal industries, domestic and international markets and consumers. The plan still needs to be completed and the system needs to be tested to be sure it is effective and workable. Incremental implementation of the plan as development continues will allow for potential problems within the system to be identified and the plan modified to address those problems. Ultimately there needs to be full compliance for the system to work as effectively as it should. Once the USAIP has been finalized, considered workable and accepted by industry, it is likely that industry and market forces will drive the process towards full compliance. At that time, USDA will work with industry and state partners to achieve full participation with the USAIP.

21. Will I be able to sell my livestock if they are not officially identified?

Yes, as the plan will begin as a voluntary program. Over time some markets may require animals to be identified that are not identified now. Species where ID is currently required will continue to have to be identified prior to entering commerce, i.e. sheep and goats under the national Scrapie eradication program.

As the program is phased in, all animals of covered species will be encouraged to have premises identification, and eventually individual identification, prior to sale. For producers who lack facilities to apply identification devices at the premises of birth, there will be provisions for initiating the process at the point of sale.

22. Can animals be identified as a group?

Yes an animal production system can use Group/Lot identification if the producer is able to demonstrate to the satisfaction of state animal health officials that, through group identification and production records, traceback to all premises with direct contacts of a suspect animal can occur in 48 hours. Each group will be identified with a unique and standardized number. Verifiable records will be required to further document premises ID and dates of movement.

23. What are the penalties for not using the program?

At this point, the USAIP is not fully developed and producers are not yet required to comply with any rules. When the plan is finished, the market forces may drive the process towards compliance.

24. What are the liability issues of this program for producers?

Producers are, and have always been responsible for the livestock they produce. If practices are employed that would endanger consumers at any level the producer responsible for creating that threat could have increased liability. Merely having the animals Identified through the USAIP will neither increase nor decrease that liability.

Effective traceability can help protect producers who apply best management practices. The system can help limit liability and narrow the scope of eradication efforts in the case of a disease emergency by being able to document that appropriate and responsible measures were followed.

25. What is the timeline for implementing this program?

Several steps need to be completed before the USAIP could be fully implemented, however the USAIP recommends that:

- All states have a premises identification system initiated by July, 2004;
- Unique, individual or group/lot numbers be available for issuance by the middle of 2004;
- All cattle, swine, and small ruminants possess individual or group/lot identification for interstate movement by July 2005;
- All animals of the remaining species/industries identified above be in similar compliance by July 2006.

These standards will apply to all animals **in commerce** within the represented industries regardless of their intended use as seedstock, commercial, pets or other personal uses.

26. Who has developed this plan?

The National Animal Identification Development Team has developed the USAIP. It is a group of approximately 100 animal and livestock industry professionals representing over 70 associations, organizations, and government agencies. Development has been a voluntary effort by all participants working collaboratively to establish an effective national animal identification plan.

27. Who is on the Team?

Individuals on the team include producers, animal and livestock association and organizational representatives, and State and Federal governmental animal production and health professionals. Represented industries include beef, dairy, swine, sheep, goats, and cervids. Other species groups are welcome and encouraged to participate.

28. What government entities will have oversight of this plan?

In keeping with the aim of the program to safeguard the health of the U.S livestock population through disease surveillance and monitoring, that includes trace back to individual animals within 48 hours, it is envisioned that USDA-APHIS will administer the program. Further, the plan calls for governance as a joint federal-state responsibility with industry input. To ensure uniformity of operations across the U.S., APHIS and individual state animal health entities will develop and administer key regulatory elements of the plan.

29. What will be the ID requirements for animals entering the United States from other countries?

Animals entering the country will be subject to the same identification requirements as animals in the U.S. that move interstate and/or through commerce. Currently, various species working groups are defining species-specific identification requirements.

30. With the phase-out of existing official animal identification devices by July 2005, what will happen with Brucellosis vaccination tags? Will they still be used?

The USAIP does not yet specify how it will affect the animal identification protocols currently associated with the Brucellosis eradication program. It is likely that Brucellosis vaccination tags will be phased out gradually as individual vaccination records are included in the database linked to each USAIN.

31. What will happen with the national Scrapie eradication program's ID system?

With uniformity and consistency being key objectives of the USAIP, the U.S. Animal Identification Number (USAIN) will become the official number for use in the Scrapie eradication program. It is likely that animals currently Identified through other official plans/programs will be "grandfathered" into the program, meaning producers will phase in the USAIN on animals Identified for the first time after a mutually acceptable date.

32. Where can interested stakeholders go to obtain more information about this plan?

The primary source of up-to-the-minute information is www.usaip.info - an interactive, user-friendly website that provides details on the development of the plan as well as specific information directed at the segments of the livestock industry involved in the identification effort. Also, fact sheets, brochures, and other forms of media will be developed to target those needing information on the USAIP.

33. Is there still time to have input into the plan?

The U.S. Animal Identification Development Team is seeking comments from all interested individuals. The comment period runs until January 31, 2004. You can send comments

- from the USAIP web site --- www.usaip.info
- by faxing (719) 538-8847 or
- by mailing to USAIP Comments: 660 Southpointe Court, Suite 314, Colorado Springs, CO 80906.

Species-specific working groups are being formed to provide input to the USAIP. Final reports are to be submitted to the National Animal Identification Development Team Steering Committee by April 1, 2004. To find out who represents your species on a species-specific working group, contact Neil Hammerschmidt at Neil.E.Hammerschmidt@aphis.usda.gov or look on the www.usaip.info website.

David R. Cross
Rural Route 1, Box 22
Lewis, KS 67552
620/324-5219

February 4, 2004

To: The House Agricultural Committee
Representative Dan Johnson, Chairman

From: David Cross, Lewis

Re: **Testimony in support of House Bill No. 2593 – Livestock ID**

My name is David Cross. I'm a farmer-stockman from Lewis, Ks. We are located about 45 miles East of Dodge City. My brother and I operate a diversified farm and ranch. We farm dry and irrigated land. I own and manage a beef cowherd with my son. In addition, we graze stocker cattle on cool season grass pastures and often finish these yearlings in a western Kansas feed yard.

I am here today to testify in support of House Bill 2593.

I have always believed that less government involvement in the livestock industry was good for our business. I still believe in this principal, but times are changing and I've gained a new appreciation for the appropriateness and importance of a government-private relationship in addressing animal health and food safety matters. The risk of foot and mouth disease occurring in the United States, the reality of BSE in one cow in Canada last spring, and a confirmed positive BSE in a dairy cow in the United States on December 23, 2003 has led me to believe it is time for a mandatory ID program in the U.S.

Our industry was fortunate that the infected cow was a dairy cow with an identification tag that allowed federal officials to trace her birthplace to Canada. If the infected cow was a grade beef cow, it is likely we would be unable to trace the animal's origin or movement.

Last week I was in Phoenix, AZ, for the National Cattlemen Beef Association. USDA Secretary Ann Veneman addressed our group and reaffirmed that a national livestock identification program is on a "fast track." It appears obvious to me that our industry will be forced to implement an identification program if we don't move forward and work in a cooperative manner to phase in a coordinated system.

In my opinion, the most important aspects of any ID program should contain:

- Opportunities for producer input in the program
- Minimal costs to producers
- Opportunities for private industry to maintain the data base

I especially like the concept of involving the Kansas Animal Health Department in the national program. The Kansas Animal Health Department has a good rapport and reputation with producers across the state. To me, it seems to be a "natural" for the livestock commissioner's office to coordinate the livestock identification program.

In summary, I support this legislation and hope this bill will pass during the 2004 Legislative Session. Thank you for considering my testimony.

House Agriculture Committee
February 4, 2004
Attachment 4

STATEMENT OF THE KANSAS DAIRY ASSOCIATION

TO THE HOUSE AGRICULTURE COMMITTEE

REPRESENTATIVE DAN JOHNSON, CHAIR

REGARDING H.B. 2593

FEBRUARY 4, 2004

Mr. Chairman and Members of the Committee, I am Chris Wilson, Executive Director of the Kansas Dairy Association. Our members include 99% of all Kansas dairies.

Kansas Dairy Association supports a national animal identification system. We want a system that allows incorporation of existing dairy animal identification systems, such as the Holstein Association program and the National Dairy Herd Improvement Association program.

While a lot of work has already been done at the federal level in preparation of a national animal identification program, many questions remain to be answered. It is somewhat early in the process to pass legislation when there are still many unknowns. We are familiar with only one other state currently addressing this issue legislatively, and that's Iowa where a resolution has been introduced to encourage a federal animal identification program. However, there are strong indications that if the program the USDA and industry groups have been working on is implemented, there will be a role for state animal health agencies in assigning premise numbers.

We believe it is important that the Kansas Animal Health Department have the authority and tools necessary to carry out the responsibilities it will be given from the federal level. We believe that authority exists under current law, but we do support clarifying that through HB 2593.

We support the amendments to the bill offered by the Kansas Livestock Association. We believe those amendments clarify the intent of the legislation. However, we would like to work further on the portion of the bill related to fee authority. We would like to further explore having a maximum fee amount in the bill; specifying whether there could be one or multiple fees; specifying if the fee is a premise registration

fee and whether it is one time or annual; and perhaps providing for a fee based on the number of head at the premises.

We would encourage the Animal Health Department to establish a working group with representatives from all species that will be affected by the national animal identification program, as well as the Extension Service and 4-H and FFA programs. We look forward to working the Department and other industry groups as this program is further developed and implemented.

Thank you for your consideration.



Kansas Farm Bureau

2627 KFB Plaza, Manhattan, Kansas 66503-8155 • 785.587.6000 • Fax 785.587.6914 • www.kfb.org
800 SW Jackson St., Ste. #1008, Topeka, Kansas 66612 • 785.234.4535 • 785.234.0278

PUBLIC POLICY STATEMENT

House Committee on Agriculture

RE: HB 2593 – an act concerning agriculture; relating to livestock animal identification

**February 4, 2004
Topeka, Kansas**

**Presented by:
Brad Harrelson, Associate State Director
KFB Governmental Relations**

Chairman Johnson and members of the committee, thank you for the opportunity to provide comments on House Bill 2593. I am Brad Harrelson, Associate State Director of Governmental Relations for the Kansas Farm Bureau (KFB). KFB is the state's largest general farm organization and represents more than forty thousand agricultural producer families through the 105 county Farm Bureau Associations across Kansas.

As producers of livestock, our members acknowledge and appreciate the vital importance of animal disease control. In light of the events of December 23, 2003 where a single case of BSE was confirmed in Washington State, an elevated awareness for the need of an effective tracking system for livestock was recognized. Subsequently, increased support and urgency for a reliable program was understood by the industry.

For the most part, our members view this as an issue of national importance and relevance. As such, Kansas Farm Bureau supports policy on livestock identification as adopted by the American Farm Bureau Federation. That policy statement is as follows:

AFBF Policy # 105

We support the establishment and implementation of a national animal identification system capable of providing support for animal disease control and eradication, as well as enhancing food safety. A cost effective national system of livestock identification, with

House Agriculture Committee
February 4, 2004
Attachment 6

adequate cost share among government, industry and producers, should be established and regulated by an advisory board of producers, processors and USDA. Any such program must protect producers from liability for acts of others after livestock leaves the producers' hands, including nuisance suits naming everyone who handled particular livestock. The program should ensure the security of producer information and respect the privacy of producers by only collecting data necessary to establish a traceback system.

As emphasized by Secretary Veneman, USDA, we accept that a national program is forthcoming. It is our understanding that a national animal ID plan is under development and that it is a cooperative effort between the U.S. government, national and state animal health officials, the livestock industry and many other stakeholders. We believe this is the best approach. It is also our understanding that ultimately, individual states will be asked to provide an integral role in implementation of that plan. If that is the case, we feel it is important on behalf of Kansas livestock producers that the state have a role in development, coordination and implementation of the program.

Should it be determined that this legislation is the best way to accomplish that, KFB would offer their qualified support and not oppose the bill. However, we do have concerns about the contemplated details of the plan and we also have a number of questions as it relates to this proposed legislation.

As previously stated, our members are deeply concerned about the associated cost to producers and their ability to comply with the program. Not only are there proposed costs for program implementation through registration fees, there will be per head costs for individual animal identification such as ear tags and tag reading equipment. While we can accept reasonable producer costs to support an effective program, contribute to overall food safety efforts, and maintain consumer confidence, we believe costs should be balanced and shared among all others who ultimately benefit. The public good, which will certainly be enhanced by this program, should be considered when determining who pays the bill. We would suggest that it is appropriate for State General Funds be made available to apply to any state costs associated with running the program.

Also of deep concern to our members is the confidentiality of the information provided. Any data collected to comply with an animal ID program must be maintained and used solely for the purpose of animal disease prevention and control.

Fundamental to any regulatory program is the ability to enforce. We understand this, but are unable to support civil penalties as suggested in the bill. Perhaps there are alternative measures that would enable those charged with compliance, without relying on civil penalties.

We have been actively engaged in discussion with other producer groups and the Animal Health Commissioner as this bill has evolved. It is our understanding that language amending the original bill may be forwarded. We would view those amendments as favorable and ask the committee to view them as favorable as well.

In conclusion, Kansas Farm Bureau supports the development and implementation of a national livestock ID program. To the extent that state involvement is beneficial to that effort, we are not opposed to HB 2593. Thank you for the opportunity to speak to you today.

Kansas Farm Bureau represents grassroots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.

House Agriculture Committee hearing
HB 2593
2-4-04
Kansas Farmers Union
Donn Teske, President.

At the recent Kansas Farmers Union State convention. The delegates passed a special order in regard to BSE. One of the items in the special order is asking for a national animal identification program. So I am here speaking in support of creating a national animal identification program such as this bill intends on a state level.

I realize that now with the BSE case in Washington the installment of a national program will be sped up to begin much faster than the program was originally intended. However I have concerns with this bill in that I fear we are putting the cart in front of the horse. On lines 35 and 36 of page 1 you give the livestock commissioner the authority to incorporate into Kansas any regulations the national program might create. Also on lines 15 through 18 on page 2 you give the commissioner the authority to charge and collect such fees as needed to defray the costs of administration. I consider these statements the same as signing a blank check. We have no idea at this point what the cost of implementing this program will be yet you are giving the commissioner full authority to move right ahead. It can also be debated as to right or wrong but it is my opinion that this administration has already taken away more of our private privileges than any previous administration in the history of our country. Yet you are giving the commissioner permission to go right ahead and implement whatever the national program sends on to us. I would think that the Kansas legislature would be much more responsible if they would first see what it will take in dollars and private privileges given up before giving the go ahead in Kansas. Why are we not waiting to see what the national program will be before having this discussion?

Some things I hope you consider while discussing this bill,

1. Make sure you as keep the rights of the private animal owner in Kansas the #1 priority. It is obvious that we are all eager to push the blame other directions in the Washington BSE case. There is a fear amongst producers that the packers will use animal identification to push E Coli contamination of meat back to the responsibility of the producers when we feel that the contamination occurs in todays large fast slaughtering lines.
2. Make sure the cost of implementing the program on the farm is distributed evenly throughout the industry. In the case of cattle it is an oft repeated statement that a critter is sold 7 times before it is slaughtered. It is my understanding that the animal



will have the identification placed on it before the first sale. If this is the case than the cow-calf man will be footing the entire cost and labor of getting the animals identified. This doesn't sound fair to me. Also the packers job of tracing meat will be much simplified now. It is my thoughts that they should also share in the cost of the program.

3. Wouldn't this be the perfect time to also implement the COOL program? The Country of Origin Labeling program should now be a slam dunk with the mandatory animal identification program already coming into place. COOL is also a national law passed with the last farm bill, wouldn't this be the most economical implementation of the program? I am disappointed that there is no mention of COOL in this bill.
4. I have concerns with the current structure of the Kansas Animal Health department. I fear that a state agency such as this totally controlled by a single commodity organization, the Kansas Livestock Assn. is morally, if not legally, wrong. The KLA has an admitted relationship with the packing industry. In the case of the mandatory animal identification program I have concerns that the packers will get the edge over the producer. Also this is an animal identification program, not a cattle identification program. With the current structure of the Animal Health Department I have to wonder if the other species owners will get the attention they deserve. Last year SB 154 tried to remedy this problem, however until this problem is fixed I have to protest the administering of this program through the Animal Health Department and would encourage the Dept of Agriculture to have the responsibility of the Mandatory Animal Identification Program..

KANSAS FEDERATION OF ANIMAL OWNERS

K-FED
Eric E. Krug
316-214-6514

Chairman and Members of Agg. Committee

Ref: House Bill 2593

I come before you representing the Kansas Federation of Animal Owners (K-Fed). We have great concern with H.B. 2593 concerning Animal identification. We understand that there is presently a program being developed by our U.S. Government. This program will affect our entire country. With our public safety at risk of Bio-Terrorism this is more than just likely to happen that we will identify all animals raised for humane consumption.

We are concerned with the quickness of our state wanting to be one of the first to start this. And being so we would like to request that the department of Agg. Implement a working committee of each species, and industry involved. Not just one department working the concerns of the department. As we are looking at a vast range of species, industry and sizes that will be effected.

Instead of being one of the first regulators on the block we would encourage that our state be one of the first to consider the whole picture.


Yes Bio-terrorism is very important to us but the financial impact of animal identification on every one involved is also important to us.

The following is a short list but not limited to were we see a financial impact.

4-H, FFA, County Fairs, Farmers, Ranchers, Truckers, Sale Barns, Packing Houses, Grocery, Consumer, State Agencies as well the port of entries into our state.

Knowing that there is great concern regarding Bio-Terrorism we would like to ask that a matter of such seriousness be handled under the authority of the State Secretary of Agg. when the time of implication arises. As we understand the Secretary of Agg. Has authority to enforce this with out any specific legislation-taking place.

Respectfully,


Eric E. Krug
Rep. K-FED

House Bill 2593
Testimony from Kansas Cattlemen's Association
Presented by
Doran Junek, Executive Director
February 4th, 2004

Members of the House Agriculture Committee,

I am Doran Junek, Executive Director for the Kansas Cattlemen's Association. Our organization is comprised of independent cattlemen and feedlot operators that individually elect to pay dues to support our cause. We are concerned about animal identification and feel it should definitely be looked at as a tracking mechanism for disease outbreaks and bio-security risks. Our concern is that there has been ongoing efforts at the national level to implement a mandatory identification program and to implement our state program before the framework of the national program is in place seems premature. Let me remind you, we do not stand opposed to a national I.D. program, just the fact that this bill seems to be putting the cart before the horse.

The KCA has several questions to raise over the proposed legislation.

- 1. Our organization would like to point out the fact that by passing this bill in its current form, the Livestock Commissioner would have free will to hire as many individuals as he sees fit and access program fees at what ever level he feels appropriate. What are the projected costs associated with running this program? The KCA has a member, Dr. Dick Bowman, on the National Identification Advisory committee. This committee is working jointly on putting together a national plan that is workable and therefore we strongly believe that this bill is something that needs to wait for the National I.D. program to be put in place before the state program starts.**

- 2. Another portion of this bill that raises concern for our members is the portion on the bottom of page 1 and top of page 2; it addresses the issue of premises inspections. This far-sweeping atonement of power is troubling to our members. The unintended consequences of this authority are something that has raised much concern among our association supporters. If there is a**

disease outbreak or bio-security risk, are there not other laws on the books that would give authority to go on a premise? In respect to our Livestock Commissioner, we are not insinuating he would abuse this authority, but instead are concerned if you do not specify what inspection privileges the Livestock Commissioner is granted, abuse could occur. According to members of the USAIP task force, this information would only be accessible in times of bio-security risk and disease outbreak. We feel this authority is unwarranted.

3. Let me remind you that this program is designed to be a closed system with only one purposed use. This information will only be used in time of national crisis to minimize the damage by enabling officials to have complete trace back in 48 hours. This system will not be accessible for use in the Country of Origin Labeling issues that are ongoing. This will not be used to track animals through the system on any given day. This information will be stored in a secure location with very limited access.

So in closing, we support a National I.D. program with the Kansas State Livestock Commission heading up the effort. But, we do have issues with how the bill is worded and feel this bill needs to be reworked or better yet delayed until the National I.D. framework is in place. This bill gives too much authority to the Commissioner and in fact supercedes the original intent of the National program. To put such a grant of authority in place in its current form would be irresponsible and could raise issues with privacy acts.

Thank you for your time and I now stand for questions.

Doran Junek
Executive Director, Kansas Cattlemen's Association
P.O. Box 251
Brewster, KS 67732
785-694-3468

HOUSE AGRICULTURE COMMITTEE

Testimony by David Pfrang

House Bill 2593

February 4, 2004

Mr. Chairman and Members of the Committee,

My name is David Pfrang. I'm an independent cattle producer from Goff, KS up in Nemaha County. I'm proud to be a member of R-CALF USA and KCA. I'm one of the very few remaining producers left who raises cattle from start to finish at home. I've got a few things that I'd like to say and ask about individual animal identification.

Animal ID is a tool to manage a disease once an outbreak occurs. While there are benefits to using this tool, we must not let animal ID interfere with the goal of preventing the disease in the first place. This can be done by identifying all imports and requiring USDA to maintain records of these imports. The United States has been and continues to be clean from many cattle diseases. It is not a domestic problem. If we get the problem, it will be due to imports.

Just this morning we took out a load of fat cattle. I **know** that everyone of those steers has an animal ID. It's called a hot iron **brand**. This brand is registered, and it's mine. Each one of these cattle can be traced back to me. Plus you can see this brand 50 yards away! The branding of cattle (otherwise known as **animal ID!**) has been going on for generations. There's no need to start up another system. Why go to all the expense?! Let's just enforce what's already in place.

Now for the questions. How much will this new form of animal ID cost? The USDA-Agricultural Marketing Service (AMS) reviewed a number of studies which estimated the costs to producers for identifying live animals nation wide. The AMS used the study conducted by E.E. Davis of Texas A&M which included permanent animal identification in its cost estimate for producers. This Davis study projected a first-year cost estimate of \$1.3 billion for producers.

Can this ID system go into other states? How many beef cattle, dairy cattle, hogs, sheep, turkeys, chickens are we talking about? At the recent R-CALF convention in Denver a USDA representative stated that an ID is only needed at the time of sale.

As a side note, R-CALF members talked about the future use of DNA testing for animal ID.

As an independent producer, I don't see this new ID system adding any value to my product. My common sense recommendation is to enforce the system that is already in place and wait and see what the national ID is going to do. Thanks.