

BOARD OF AGRICULTURE, TRADE AND CONSUMER PROTECTION MINUTES

May 13, 2015

The Board of Agriculture, Trade and Consumer Protection met on May 13, 2015, beginning at 9:00 a.m. for a tour of Case IH located at 2701 Oakes Road, Sturtevant, WI. The Board then held its official business meeting at the CNHI Racine Operations Building- Annex located at 621 State Street, Racine, beginning at 12:30pm. The meeting was preceded by public notice as required by s. 19.84, Stats.

Call to Order

Board Chair Andy Diercks called the meeting to order at 12:29 p.m.

Members Present

Andy Diercks, John Koepke, Michael Dummer, Dennis Badtke, Dean Strauss, Miranda Leis, Mark Schleitwiler and Doug Wolf were present. Nicole Hansen was absent.

CASE IH Overview

Nathan Weinkauff, CASE IH NA Harvest Marketing Manager, presented a powerpoint and several videos showcasing CASE IH and their products and services.

Case IH was created in 1984 when Tenneco bought selected assets of the agricultural division from International Harvester and merged it into its J.I. Case Company. Today, Case IH is owned by CNH Industrial, which in turn is financially controlled by the Italian firm Fiat Industrial.

Case IH is a global leader in agricultural equipment. With headquarters in the United States, Case IH has a network of more than 4,900 dealers and distributors that operates in over 160 countries.

They offer agricultural equipment, financial services, as well as parts and service support for farmers and commercial operators. Their productivity enhancing products include: tractors, combines, harvesters, hay and forage equipment, tillage tools, planting and seeding systems, sprayers, applicators, and site-specific farming tools. Some of Case IH's most famous equipment models include Axial-Flow combines, Magnum tractors, Steiger and Farmall.

Minutes

Motion

Mike Dummer made a motion, seconded by Dean Strauss, to approve the March 11, 2015 Board minutes. Motion approved unanimously.

ATCP 20-Seed Labeling and Selling (Scope Statement)

Greg Helmbrecht, Plant Pest and Disease Specialist Advanced and John Petty, Division Administrator, both from the Division of Agricultural Resource Management, presented the scope statement for ATCP 20 related to Seed Labeling and Selling.

This proposed scope statement would modify current seed labeling rules in order to address the non-commercial public and private exchange of small quantities of agricultural seed (as defined in s. ATCP 20.01 (1)), for example, seed exchanges hosted by public libraries or local gardening associations. This modification is specifically for such seed within the state of Wisconsin that is not sold, nor offered for sale, nor distributed for sale. This modification will address only such seed that is donated or freely exchanged. The objective of the rule change would be to address and define non-commercial distribution in order to identify possible regulatory licensing exemptions or alternate labeling requirements for such activity. This rule would affect seed libraries and other venues of non-commercial seed exchange and any person using such entities as a seed source.

Motion

Mike Dummer made a motion, seconded by Dean Strauss to approve the scope statement of ATCP 20. Motion approved unanimously.

ATCP 40- Fertilizer and Related Products (Hearing Draft)

Amy Basel, Environmental Program Supervisor, Robby Personette, Natural Resources Program Manager, and John Petty, Division Administrator, all within the Division of Agricultural Resource Management, presented the hearing draft for ATCP 40 related to Fertilizer and Related Products. This rule amends s. ATCP 40.14 (1) and (3), Wis. Admin. Code, which updates the economic value formula to more accurately reflect the actual economic value of fertilizer ingredients in the marketplace.

DATCP is authorized to regulate the manufacturing, distribution, labeling, and storage of fertilizer. Fertilizer is a substance that contains one or more recognized plant nutrients, is used

for plant nutrient content, and is designed for use or claimed to have value in promoting plant growth. See s. 94.64 (1) (e), Stats.

Under current fertilizer rules, a manufacturer or distributor that labels fertilizer is required to list percent guarantees of primary nutrients on the fertilizer's label. Primary nutrients consist of nitrogen ("N"), phosphorus ("P"), and potassium ("K"). Current rules also require that DATCP collect and analyze various samples of fertilizers.

Under current s. 40.16, Wis. Admin. Code, the department will analyze a fertilizer sample to determine if the content of the sample meets the guarantees of N, P, and K listed on the label. If the sample tested is found to be deficient in content of N, P, or K because it fails to meet one or more of the three standards in the rule, then the fertilizer is considered "misabeled" under s. ATCP 40.14 (1), Wis. Admin. Code.

The third standard requires that the economic value of primary nutrients actually present be not less than 98% of the economic value of the amounts guaranteed, where economic value is calculated according to s. ATCP 40.14 (3), Wis. Admin. Code. s. 40.14(1)(c), Stats. The formula contained in s. ATCP 40.14 (3), Wis. Adm. Code is based upon wholesale prices for the nutrients.

After convening a group of representatives of the fertilizer industry and agricultural associations, and reviewing recent data concerning the wholesale prices of primary nutrients, the group concluded that the existing rule contains an outdated formula for the economic value of fertilizer. That formula was based on average wholesale prices of primary plant nutrients prior to its enactment in the 1970s.

The proposed rule does the following:

1. In place of the 2:2:1 ratio of N, P, and K, in the current s. ATCP 40.14 (3), Wis. Admin. Code, the proposed rule substitutes a ratio 1:1:1 of N, P, and K:

Current formula: Economic value = {[total nitrogen (N) guarantee] x 2} +
{[available phosphate (P₂O₅) guarantee] x 2} + {soluble potash
(K₂O) guarantee}

to

Amended formula: Economic value = {total nitrogen (N) guarantee} +
{available phosphate (P₂O₅) guarantee} + {soluble potash (K₂O)
guarantee}

The proposed formula more accurately reflects the actual economic value of fertilizer ingredients in the marketplace than the current economic value formula, which was developed over forty years ago.

2. The proposed rule changes the standard in s. ATCP 40.14 (1) (c), Wis. Admin. Code, for the economic value formula, so that the guarantee percentage, which currently is listed in the rule as 98%, is reduced to 97%. This conforms to the department's prior guarantee percentage in the rule, and is consistent with the percentage used by other states, such as Minnesota and Illinois.

Motion

Dennis Badtke made a motion, seconded by John Koepke, to approve the hearing draft of ATCP 40. Motion approved unanimously.

Wisconsin Agricultural Statistics Services (WASS) Report

Greg Bussler, State Statistician, updated the Board on the following:

- Production Report
 - In March, 2.44 billion pounds of milk were produced in Wisconsin.
 - Milk production in 23 major states totaled 16.9 billion pounds.
 - As of May 1st, Wisconsin had 9,929 milk cow herds, down 405 herds since May 2014.
 - Wisconsin ranked #1 in cheese production in 2014 with 2.9 billion pounds of cheese produced. Wisconsin produced 25% of the US cheese production.
- Price Report
 - March price of \$17.60 per hundredweight of milk.
 - Price of corn sold for \$3.81 per bushel.
 - Soybean price sold for \$9.84 per bushel.
 - Alfalfa hay sold for \$172 per ton, down \$21 per ton since last March.
- Crop Progress Report:
 - Corn planted was at 69% complete, which ties for the second highest percent planted by May 10th in more than 35 years.
 - Soybeans were planted at 25%, which was the 3rd highest percent planted by this date in more than 35 years.
 - Oats were planted at 92% with 82% of the crop rated good to excellent.
 - Top soil moisture rated at 70% adequate.
- 2015 Crop Planting Intentions
 - As of March 1, WI Farmers intended to plant 4.10 million acres of corn, which is up 3% from 2014.
 - US corn planted acres estimated at 89.2 million acres, which is down 2% from last year.
 - Soybean acres in WI are estimated at 1.85 million acres, a 3 % increase from 2014. If realized, this will be Wisconsin's highest soybean planted acreage on record.
 - US soybean planted acres are estimated at 84.6 million acres, up 1% from last year.

- June Agriculture Survey
 - Collecting data from May 29th through June 12th.
 - It is critical that Farmers respond as this data is used to set the planted acres for 2015.
 - Results of the survey will be released on Tuesday, June 30th.

National Conference on Interstate Milk Shipments Report

Steve Ingham, Division Administrator within the Division of Food Safety, presented a report on the 2015 National Conference on Interstate Milk Shipment (NCIMS), which was held April 24th through April 29th in Portland, OR.

The NCMS considers proposals for changes to the Pasteurized Milk Ordinance (PMO) and associated documents which provide the regulatory guidelines for interstate shipment of Grade “A” fluid milk and milk products. Each state’s dairy laws and regulations related to Grade “A” milk and milk products must be at least as stringent as the PMO.

At the 2015 NCIMS, a total of 100 proposals were presented. Contentious proposals included tightening the Somatic Cell Count limit in unpasteurized milk to 400,000 cells per mL, broadening the range of drugs tested for in unpasteurized milk received at milk plants, and changing the PMO to ensure that compliance with it would also result in compliance with the FDA’s soon-to-be published rules on Preventive Controls for Human Foods. These rules will implement the FDA Food Safety Modernization Act (FSMA).

Six Sigma Report

Perry Brown, Agency Six Sigma Coordinator, presented a PowerPoint presentation providing an update on the progress of DATCP Six Sigma projects and a summary of the agency Kepner-Tregoe (KT) staff training.

DATCP’s Six Sigma- Continuous Improvement program was initiated under the Governor’s Executive Order #66. The Department’s Six Sigma projects all follow the Agency goals of:

- Reducing processing/delivery time, by 10% -30%, for customers receiving a business product or service from the Agency.
- Repurpose DATCP staff workload as a result of lean methodologies creating efficiencies in business service activities.
- Improve external customer satisfaction.

The KT Problem Solving and Decision Making training initiative is designed to introduce a rational process for making choices or recommendations. The KT “Clear Thinking Process” is designed around a sequence of steps by which information and judgments are organized so a conclusion can be reached and appropriate actions can be taken.

Alice in Dairyland Report

Zoey Brooks, the 67th Alice in Dairyland, presented her end year summary via a video of her year as Alice.

The Alice in Dairyland position is a unique and important part of Wisconsin's promotional and informational efforts, connecting consumers to agriculture by conducting media interviews, speaking at urban and rural community events and educating school students.

Throughout the past year, Zoey focused on spreading three key messages that reflect the goals and work plan of DATCP:

- Agriculture is a diverse industry vital to Wisconsin's economic development, generating \$88 billion annual impact.
- Buying Wisconsin grown products supports Wisconsin agriculture and local farmers, producers, processors, communities and economies.
- Wisconsin consumers know the value and quality of Wisconsin agricultural products and so do people around the world. Wisconsin exported more than 3.2 billion in agricultural products to more than 150 countries in 2013.

In her year as Alice, Zoey travelled over 37,000 miles and generated media coverage with 64 television interviews, 161 radio interviews, 109 print interviews and 900 internet postings featuring those key messages. She also developed and executed five industry partnerships for campaign blitzes.

The Alice program completed a record 5 media campaigns during Zoey's year. Each of these campaigns included an intensive 2-4 weeks dedicated to media stops promoting various facts of Wisconsin agriculture. Zoey committed herself to enhancing the Alice media list and secured repeat interviews with many new news outlets across the state.

Board Chair Andy Diercks, on behalf of the Agency and the Agriculture, Trade & Consumer Protection Board, commended Zoey on her many accomplishments and for her dedication and commitment to her role as the 67th Alice in Dairyland.

Appointments to Standing Advisory Councils

Secretary Ben Brancel presented to the Board pending appointments to the Department's six standing advisory councils. The standing advisory councils are created to advise the Department. The four currently active standing advisory councils are: Aquaculture Industry Advisory Council; Organic Advisory Council; Agrichemical Technical Advisory Council; and the Agricultural Chemical Cleanup Council.

Motion

Mike Dummer made a motion, seconded by Dean Strauss, to approve the appointments to standing advisory councils. Motion approved unanimously.

Field Services Summary Report

Dr. Paul McGraw, Division Administrator of the Division of Animal Health, presented a powerpoint regarding the recent avian influenza outbreak in Wisconsin and the response actions the department has taken.

Avian Influenza (AI) has become a major concern for the Midwest poultry industry. AI originated in birds in China and is a flu caused by viruses that infects birds and can make them ill, sometimes resulting in death. It is an infectious disease in birds caused by type A strains of the influenza virus. AI affects several types of birds, including farmed poultry, i.e. chickens, geese, turkeys and ducks. In the US, Washington, Oregon, California, Minnesota, Arkansas and most recently Wisconsin, have all reported outbreaks within their states. Some theorize that the outbreaks might be related to a migratory pattern.

The AI virus was first detected in Wisconsin at a commercial chicken flock in Jefferson County on Monday, April 13. Since then nine additional flocks were detected in Barron, Juneau, Chippewa and Jefferson counties bringing the total of birds affected to nearly 1.6 million in Wisconsin.

Once a detention was made, each property was immediately quarantined and neighboring properties with poultry were notified about the situation. Remaining birds were depopulated and did not enter the food supply. Following USDA protocols, surveillance and testing procedures took place at properties near the affected facilities to ensure the virus had not spread. The department worked closely with the USDA- Veterinary Service Gold National Staff, State Public Health, the Department of Natural Resources, the National Guard, Wisconsin Emergency Management, and the poultry industry.

The avian influenza virus strain currently detected in Wisconsin and the other states presents low risk to public health. Poultry meat and egg products in the marketplace remain safe to eat. As always, both wild and domestic poultry should be properly cooked.

Board Member Reports

Mark Schleitwiler- Mark thanked Case IH for the great tour and for hosting the board meeting. At BelGioioso Cheese, the construction projects have all wrapped up and he is looking forward to a much calmer year. The milk supply in Wisconsin has been more than adequate which resulted in more processing in the first quarter. Mark has several work trips planned for this year including going to California and Florida.

Mike Dummer- Mike thanked Case IH for the tour and for hosting the board meeting. He was especially impressed with the assembly plant tour. On the farm, the crops are planted and progressing nicely with high volumes expected. Grain producers need to try to empty out the last year's crops in their bins by October 1st to keep up their cash flows and break evens.

Dean Strauss- Dean thanked Case IH for allowing the board to tour their impressive facility. Planting is well on schedule in north eastern Wisconsin with all Dean's corn, beans and hay planted. Dean is going to France in early June and is anticipating coming back to a second cutting of hay already.

Andy Diercks- Andy thanked Case IH for the tour of their facilities and for hosting the board meeting. Andy was also appreciative to Case IH for the support they give to local agriculture, the UW research farms, and to the state as a whole. In the central part of the state, the potatoes and corn are in with some help from irrigation as the ground is a little too dry. Farmers are anxious to get more clarification and legislation on high capacity wells once the budget has passed. On behalf of the DATCP board, Andy thanked Mike Dummer and John Koepke for their years of service on the board and will miss their wisdom and insight.

John Koepke- Planting is all wrapped up in south eastern Wisconsin. At home, John is looking forward to his oldest son graduating eighth grade, getting confirmed, and passing his tractor certification.

Dennis Badtke- Dennis thanked Case IH for the tour of their facilities and enjoyed meeting their quality staff. Planting this spring went very well with only one bolt broken on the planter. Land values in Iowa, Minnesota and Nebraska are experiencing a decline in July while Wisconsin's land values are on the rise.

Doug Wolf- Doug thanked Case IH for allowing the board to tour their facilities. It's been a good spring with planting going well on the south west side of the state.

Secretary's Report

The Secretary presented a plaque and letter to Board Member Mike Dummer and Board Member John Koepke thanking them for their service to the DATCP Board. Mike Dummer served 17 years on the Board and John Koepke served 6 years.

The Secretary thanked the Division of Animal Health, Dr. Paul McGraw, Dr. Darlene Konkle and the incident management team within the department for doing an amazing job and working tirelessly to stay on top of the recent Avian Influenza (AI) outbreaks in Wisconsin. The National Guard, USDA and other state agencies also provided invaluable assistance to the department.

On April 18th, the Secretary led a seven day DATCP trade mission, along with ten Wisconsin companies, to the China World Dairy Expo and Summit in Harbin China. This event was the first

China trade mission that included government to government meetings, business trade show activities, and educational summits for farmers. Several Wisconsin business that were showcased reported the largest sales they have ever had from China from this event. The event was such a success that Harbin, which is the capital city of Heilongjiang Province, has retained the China World Dairy Expo and Summit for 2016.

The agriculture export numbers for first quarter of 2015 were down from 2014 but still higher than the 2013 numbers. Agriculture exports in the US as a whole were down 11% with Wisconsin ranking 14th. The current value of the dollar may be taking a toll on the export numbers as well as agreement with China to hold some agriculture items in a bonded holding warehouse, where they will be counted once they are shipped out versus counted when they entered.

The Secretary gave several updates of the proposed Budget. The following items were acted on and placed in the upcoming budget:

- Eliminate the requirement that DATCP issue a license for the operation of a bulk milk tanker. This license is duplicative of the Grade A license permit that the department also administers.
- \$7 million in bond authority provided over the biennium for the Soil and Water Resource Management Program to continue providing cost-share grants to landowners.
- Transfer activities related to the licensing and inspection of all restaurants, vending machines, food commissaries, licensed campgrounds, recreational camps, swimming pools, hotels and rooming houses from Department of Health Services (DHS) to DATCP. The governor's budget recommends transferring 35.0 FTE and \$3,432,500 program revenue from DHS in FY17.
- Transfer \$1.0 million annually from the Agricultural Chemical Cleanup Fund to the Environmental Fund to maintain a positive fund balance. In addition, \$600,000 to be taken out of nonpoint monies and to be reallocated to the DATCP for distribution to the counties.

The following items have not been acted on yet or have been placed aside by the Finance Committee:

- Transfer the State Laboratory of Hygiene and the Veterinary Diagnostic Laboratory to DATCP on July 1, 2016. The Governor's budget recommends transferring 309.75 FTE and \$34,590,700 for the Hygiene Lab, and 94.50 FTE and \$11,374,100 for the Vet Diagnostic Lab.
- Transfer consumer protection authority relating to higher education from the Educational Approval Board to DATCP.
- The Governor recommends eliminating the rule-making and policymaking powers currently vested with the DATCP Board and converting the board to an advisory council.
- Create a Producer-Led Watershed grant program to assist farmers within a watershed to implement nonpoint source pollution abatement activities. Provide up to \$250,000 of existing funding from the Soil & Water Resources Management program for grants.

- The Governor recommended eliminating the collection of the fertilizer licensing fee, which transfers to UW for fertilizer research. The Fertilizer Research Council was also recommended to be eliminated.

Manitowoc County hosted the 2015 Alice in Dairyland Finals at which Teyanna Loether was named the 68th Alice in Dairyland. Teyanna is from Sauk City and will graduate this spring with a Master's degree in animal sciences from UW-Madison, where she is studying reproductive physiology. She grew up on a dairy farm and showed horses, chickens, and swine at the Sauk County Fair, where she served as the 2010 Fairest of the Fair. During graduate school, she worked as a teaching assistant and tutor and is working toward a Delta Certificate in Research, Teaching, and Learning. As Wisconsin's agricultural ambassador, Alice in Dairyland will play an important role in educating urban and rural citizens alike about Wisconsin's vital agricultural heritage and its impact on our future. She can expect to log more than 40,000 miles, visit 100 schools, and make nearly 400 appearances during her year.

Future Schedule and Agenda Items

The Board is scheduled to meet July 15th. The Board requested a report at a future board meeting on 2,4-D and dioxin from the Pesticide Management Program in the department.

Adjournment

By unanimous consent, the Board adjourned at approximately 3:50pm.

Andy Diercks, Board Chair

Nicole Hansen, Secretary