

**BOARD OF AGRICULTURE, TRADE AND CONSUMER PROTECTION
MINUTES**

December 20, 2018

The Board of Agriculture, Trade and Consumer Protection (“Board”) met on December 20th, 2018, at the Department of Agriculture, Trade and Consumer Protection (“Department”), 2811 Agriculture Drive, Board Room, Madison, WI. The meeting was preceded by public notice as required by Wis. Stat. § 19.84.

Call to Order

Board Chair Miranda Leis called the meeting to order at 10:41 a.m.

Members Present

Miranda Leis, Kurt Hallstrand, Dean Strauss, Andy Diercks, Dennis Badtke, and Paul Bauer

Board Member Miranda Leis thanked everyone involved with putting together the Metrology Lab tour, remarking on how nice it was.

DATCP Onboard training from 10:42am - 11:02am

Minutes

Motion

Paul Bauer moved, and Dennis Badtke seconded, a motion to approve the November 15, 2018, Board minutes. Motion approved.

Public Appearances

Judy Domaszek, on behalf of Wildwood Wildlife Park Zoo & Safari, appeared before the Board to speak on DATCP 10 Animal Movement and Disease, AZA Exemption Status in DATCP 10. Domaszek apologized for being unable to attend the last meeting regarding ATCP 10 due to a family emergency. Domaszek is owner and director of Wildwood Wildlife Park Zoo and Safari, a privately owned and operated zoo, which means they pay all business taxes unlike city and county zoos which are exempt. Domaszek previously handed out materials to the Board and expressed hope that the Board had a chance to review. Domaszek stated she was before the Board in regards to the exemption status of the AZA which is currently under review. Domaszek stated that her organization is not exempt as a zoo because they are accredited with a different

association, the Zoological Association of America (ZAA). Domaszek stated that she is discriminated against the exemption that occur in Chp. 10. Domaszek expressed concern and states she is not against licensing, and in order to operate, holds 32 licenses. Domaszek states the reason she chose the ZAA is because it fits her business and their business philosophy. Domaszek got a call regarding moving big horn sheep to the zoo but was questioned whether they were AZA exempt. If her zoo was AZA exempt, the sheep would not need to be tested before sending them to Wisconsin. Domaszek expressed concern in the logic of this and if the animal is not tested, it could easily start an outbreak. Testing is required for bringing sheep into Wisconsin with the ZAA and there should be no exemptions. She recognizes that it is easier to move animals without testing. One also needs an importation permit to come into the state of Wisconsin which can also be exempt when testing is exempt. The packet provided was Domaszek's view as well as her organizations view on exemption. Domaszek stated that either both associations should be included or use the USDA license holders. One cannot operate a business without having an exhibitor's license, so if one has that as an exemption, it would cover everyone who is properly licensed to have animals.

A question was raised on why Domaszek would not switch to the other association. Domaszek stated that both have different structured fees as well as different philosophies. Domaszek commented that she works too hard for her money just to have a certain type of logo. Her current association, ZAA, takes into account the management of animals, their proper welfare, and is based just off their attendance of that seasonal year.

A question was raised that, given the difference in fees, what are the different management techniques between the two associations. Domaszek did not believe that there were any differences between the management techniques, and noted that both are very structured, following the same policies, protocol, and procedures by USDA. She stated that the only difference is that the AZA has been around a lot longer than the ZAA, and that it does not accept private operations of zoos while her organization is private.

Question was raised on whether the AZA would accept Domaszek's zoo because she owns a private zoo. Domaszek replied that, if they were given money, AZA would accept anyone but that organization would be frowned upon. She stated that there are several different associations to belong to and many big zoos, have dropped their accreditation with AZA because they do not feel it is warranted to spend the money when budgets are being cut.

Wisconsin Agricultural Statistics Services (Report)

Greg Bussler, State Statistician, updated the Board on the recent production and price reports.

Organic Advisory Council (Report)

Angie Sullivan, Agricultural Program Supervisor of the Division of Agricultural Development provided an update to the Board on the recent activities of the Organic Advisory Council. The council has been tasked with advising the Secretary on priority issues and areas of concern in the organic agriculture industry. Sullivan made reference to a chart that showed the current make-up of the Council, the different categories that the council members fit, and mentioned a couple empty seats that will be filled by nomination. Sullivan went through recent issues discussed in the Council, one of which DATCP works with UW and the Center for Integrated Agricultural Systems to put out the Organic Status Report. Sullivan noted that this report comes out every two years with the latest information, stats on organic agriculture, and how it compares to others. The last report was 2017, and Sullivan mentioned that normally the Council would be working on the 2019 report but they held off because of the new Ag census numbers that will be coming out in February of 2019. Sullivan stated that this report is normally released during the MOSES Organic Farming Conference in February but would be redundant with new numbers. Instead, the Council will get the new numbers in February and work on the report, expected now in February 2020. Sullivan stated that another issue for the Council is investigating whether to do a study on the economic impact the organic industry has on the state of Wisconsin. Sullivan stated that Wisconsin continues to rank highly, normally in the top five of all main categories: the number of farms, dairies, cattle, as well as several fruit and vegetables categories. The Council has been partnering with the Food and Finance Institute at UW, investigating information that is already available and seeing what information they would want to collect to gain a complete grasp of the organic industry in Wisconsin. Sullivan commented that they are still in the investigation stage. Another common topic within the Council is the problem with organic integrity. Sullivan stated that there have been issues with fraudulent grains imports and questionable voluntary practices that continue to come up, as well as how they affect Wisconsin farmers. Sullivan stated that the discussions within the Council will be continuing and encouraged the Board to submit a letter to the Secretary of Agriculture in support of improving integrity to help move things along. Sullivan stated that they are just an advisory Council and that everything goes through the Secretary of Agriculture.

Sullivan went on to mention three big conferences coming up: the O Grain Conference, the Grassworks Grazing Conference in January, and the MOSES Organic Farming Conference. Sullivan also stated that DATCP manages the Organic Certification Cost-Share program in partnership with Farm Service Agency. People can either go to their local farm service agency or to DATCP to apply. Sullivan stated that DATCP has always had a large success rate with cost sharing. To date, there have been over 800 requests for reimbursement, last year's total being 967. Sullivan mentioned that they are accepting applications through end of December and anticipating an influx over the next couple weeks. The Council will be processing them in January.

A question was raised on what would be accomplished from the economic impact study. Sullivan stated that it is often felt that organics are not given the proper resources for education, outreach, and staffing. Sullivan thinks that the organic industry should have a good picture of exactly what that industry brings to the state. Would they use the study as a benchmark to put resources in outreach, assistance to farmers, community staffing? Sullivan confirmed yes.

A question was raised on whether or not Wisconsin has enough resources as grazing becomes more important in organics. Sullivan stated that they do not get a lot of requests through DATCP but many go through NRCS or their local grazing network. Recently Sullivan partnered with two NRCDs to assist them in writing grazing plans, doing more grazing education, and coordinating grazing events to show that DATCP can assist with grazing and assessing their farms. Sullivan does not think there are enough resources for grazers and that there are many opportunities to further educate. With the current state of the dairy market, grazing is very possibly an option and a safe outlet but there is a learning curve that farmers have to go through. With this in mind, Sullivan states it is very important to keep up and add resources and education. There have been calls of people wondering whether it would be advantageous to them. Some people are very close, for others it will be a steep learning curve and if we could offer more education, it would make transitions easier.

A question was raised on whether the department or the industry assesses different potentials to transfer crops and different commodities. Sullivan was not sure about any official research but does work with people who are leaders in different categories, assessing if there is going to be a market. She stated it is very important to make sure there is a market before any changes occur. The WI Farm Center also tries to do their own research to see whether there is a market available but as far as Sullivan knows there is nothing official.

A question was raised on whether Sullivan works with any standards in grazing. There are people who develop standards who have no idea what's going on, researching on internet. Is there a way to develop Wisconsin standards with Wisconsin dairy land leading the movement on grazing standards? Sullivan stated that is certainly something that she is interested in. If a farmer is a certified organic farmer, which not all grazers are, there are certain standards and regulations to be certified. There would be certain standards that would already have to be met but Sullivan stated she would love to participate or lead a standard procedure. There is concern when everyone tries to develop their own standards and consumers become confused when there are multiple standards set. There is a need to have a consistent enforcement of standards.

Land and Water Resources Bureau (Report)

Lacey Cochart, Director of the Land and Water Bureau for the Division of Agricultural Resource Management (ARM) provided an update to the Board on the recent activities of the Land and Water Bureau. Cochart brought a presentation of the bureau's highlights to show the Board. Highlights: Farmland preservation has been great this year with 25 new jurisdictions in farmland preservations with multiple different interests as well. Cochart stated that another highlight was the Conservation Reservation Enhancement program, showing participation in rainfall events. Cochart showed an example of the program in practice and how it has helped with 2018 flooding. Additionally, the Producer-lead Watershed Protection Program showed an increase in grant funds. Cochart stated they have distributed all the available funds and the requests have exceeded their cap. She mentioned that the groups are steadily increasing each year as well as the requests and the money available. A lot of different information and education has happened with different types workshops that have occurred whether it be on soil help, cover crops,

innovative practices, and technology, giving others an opportunity to come together and diversify these groups on what they can do on their watersheds.

Cochart also showed where the cost-share dollars go from the resource program. There has been a challenge of cost-share with large projects as grants cannot exceed a certain amount. Cochart stated this called for creative thinking and the need to address certain projects with different solutions.

The Conservation Engineering Project has dealt with lots of flood and erosion due to flooding. Cochart mentioned the help and effort that was put into this project, showing pictures of the before and after. Cochart stated the staff have had to be very creative in order to get projects done. A lot of design work was needed from the engineering team. Through this program, large portions of land that previously could not farm are now able to.

A question was raised on preservation. Cochart believes zoning depends on the ordinances that the municipality would adopt from Farmland Preservation but believes that 5 acres is the minimal amount of threshold. Cochart stated that there are different restrictions based on the situation.

ATCP 99 and 100 – Grain Dealers and Grain Warehouse Keepers and Milk Contractors (Final Draft)

Jeremy McPherson, Director of the Trade Practices Bureau in the Division of Trade and Consumer Protection, presented the final draft of Wis. Admin. Code ch. ATCP 99 and 100 to the Board. McPherson went before the Board seeking approval for the final draft of ATCP 99 and 100. This is what he hopes to be final step in a long 3-year process that started after large defaults in the vegetable and dairy industries. McPherson stated that along the way they have worked closely with the Agricultural Security Council in presenting policy changes. In the last two years they have had twelve council meetings which resulted in a legislative package, two permanent rules, including the one before the board today, and six emergency rules. He stated that the last permanent rule is necessary because of the legislative package that was signed into law earlier this year. McPherson stated that the rulemaking was necessary as to assessment formulas because they reference limits but not the formulas themselves. He stated that the objective of those changes were to soften grain warehouse audits. Previously they had very large defects. McPherson stated that this was not to alter any formulas or legislative changes, and to preserve that. Another change was with regards to holiday limits and the updated rule would correct that error. McPherson stated that the language of ATCP 100 was changed slightly because it became very convoluted but no other substantive changes made. At the hearing, all comments that they have received were in approval or pointed out minor editorial changes. Finally McPherson wanted to thank everyone for their participation and cooperation that they have received throughout this process.

A question was raised on where the 35-cent rate came from. McPherson responded that that rate was established in 2001.

A question was raised on page 6 on developing the new assessment rate. McPherson stated that they worked hard on regaining a balance in a reasonable amount of time.

A question was raised on the assessment for milk contracts and whether that applies to milk that is produced in state or whether the milk deferred payment apply to WI farmers? If it is covered under program, then the producers can procure payment. McPherson stated that it also depends on where the title gets transferred as well.

Motion

Andy Diercks, moved, and Dean Strauss seconded, a motion to approve the Final Draft of Wis. Admin. Code ch. ATCP 99 and 100. Motion approved unanimously.

ATCP 20, 21, 40, 42, 65, 71, 72, 73, 76, 77, 78, 79, 90, 91, 91, 92, 94, 99, 105, 118, 118, 163, 164, 165, 166 Minor and Technical Changes to Multiple Department Chapters (Final Draft)

Paul Dedinsky, Chief Legal Counsel of the Department, presented the Final Draft of Wis. Admin. Code ch. ATCP 20, 21, 40, 42, 65, 71, 72, 73, 76, 77, 78, 79, 90, 91, 91, 92, 94, 99, 105, 118, 118, 163, 164, 165, 166 Minor and Technical Changes to Multiple Department Chapters to the Board. Dedinsky stated that this document has gone through many different hands before coming to this board. Dedinsky mentioned he is addressing the board to coordinate the expansive number of regulations that cross a number of DATCP divisions. Dedinsky went through a couple proposed edits such as edits in language, headings, updating technical references, allowing for electronic signatures, and some provisions being removed. Dedinsky stated that Steve Ingham, Division Administrator for DFS, also went through these rules as well and made two small editorial edit.

Motion

Dean Strauss, moved, and Andy Diercks seconded, a motion to approve the Final Draft of Wis. Admin. Code ch. ATCP 20, 21, 40, 42, 65, 71, 72, 73, 76, 77, 78, 79, 90, 91, 91, 92, 94, 99, 105, 118, 118, 163, 164, 165, 166 Minor and Technical Changes to Multiple Department Chapters . Motion approved unanimously.

Break for lunch. 12:06pm with invitation to participate in the silent action. Resume at 1pm

Board Member Reports

Kurt Hallstrand – Logging has increased a little bit. Stated that Ag industry as a whole is tough. They recently sold some beef feeders and had a very uniform sale of cattle, selling very well in CO. The family is doing well.

Dean Strauss – Corn yields have been so-so this year. Have had several equipment updates which kept things interesting. The dairy industry keeps plodding, along and we keep working on it, trying to find dollars and dimes somewhere. It is a challenge no matter who you are. Merry Christmas to everybody.

Andy Diercks – Potato crops were pretty well this year. Expressed continued concern for dairy farms, especially small farms. The numbers have been very depressing since his time on the Board. He is unsure of what to tell people and hears that it will be worse with the end of the year finances. Wishes everyone a Merry Christmas.

Paul Bauer – Dairy is very depressed and widespread prices makes things very complicated. A lot of anger going around, people are hurt. There will be major contractions at the beginning of the year. Farmers are just trying to preserve what equity they have. He does see a contraction in milk supply in the Midwest which is always good but it is still six months of questioning whether we are going to make it. The family is doing well.

Dennis Badtke- Thanked staff for the tour. Talking to folks sooner than later will be good. Sees a lot of land in market that is not selling so that a lot will be up for rent this year. People will lose dairy herds and think they are out of business but there are other options. Rates have been good up until last fall, now starting to increase. The fear is that people feel pressure to keep family farm going, but they need to have the discussion going forward in order to survive. Recognizes it is a hard conversation to have to necessary. Times are tough, but we will get through it. Reminded everyone that we went through difficult period in 80s but got through it. Christmas greetings to all at DATCP.

Miranda Leis – Expressed thanks for the tour and for everyone involved. Not a lot has changed since last report. Integrity in the organic industry continues to be a problem. If one is gathering premium but not following the same rules, it creates a big problem. The integrity of organics just needs to be addressed so consumers do not lose trust behind organic's seal. Several large meetings coming up where it will be a hot topic. Attended Farm Bureau Annual meeting where the delegates supported talk of supply management and that is now in their policy. Wisconsin has a lot of culture and economic influence and medium to small farms are a part of that. If the Wisconsin consolidates into large farms, afraid that we stand to lose rural culture in our state with the current economy. We are very unique and have a lot to offer with small outlets in craft cheese makers and different things that stimulate the economy. Many towns are supported by dairy industry and if we lose that then there is a risk. Large dairy consolidations are not an option. What replaces that? If we lose dairy, where are we? Can the industry sustain that? Definitely encouraging conversations about supply management to try and save some of the economy in this area and in our country. Very proud that the department Dairy 2.0 to continue. Family is doing well and excited for the holiday season. Thanked Secretary Sheila Harsdorf and the whole department for their service to the state, looking fondly on their time together.

Secretary's Report

Secretary Sheila Harsdorf– The Secretary mentioned that this is the last time she will be meeting here like this and thanked everyone for their comments and updates. Dairy is getting hit very hard and as important it is to touch upon the difficult times, one also has to find the positive. While farmers are getting hit very hard, and no one can deny the challenges that are being faced, we have to acknowledge the good. New products are being developed, we have a center of dairy research that is invaluable. They are working with processors on evolving their products. Harsdorf mentioned that something that we failed to do enough of in the dairy industry was looking at market changes making sure we create evolving products that keep up with the pace of the consumers. Harsdorf says this goes for both in United States and abroad. Dairy Farmers of Wisconsin, WMMB, Wisconsin Cheese Makers, and farm organizations all excellent organizations. How can we enhance the collaboration between them? The Secretary stressed the importance to be working together and to be aware of what others are doing. Dairy Expo is extremely important to have in our state and many are very envious. We have things going for us and are in state of transition, the question then becomes how to position ourselves so that we continue to be a leading dairy state. Something that should concern all of us is that people are looking to expand but not in Wisconsin. Agriculture is an industry that the secretary is very proud to be a part of, necessary to identify and talk about the strengths.

Highlights: State Capital Tree Lighting with Alice in Dairyland. Alice and Governor Walker did a nice job speaking. Assistant Deputy Secretary Keith Ripp and Secretary Harsdorf were at the PDPW to visit with USDA Deputy Secretary. The secretary then updated the board on the Dairy Taskforce 2.0, how pleased she was that Governor Walker asked their assistance in it, and that she is confident that new administration will continue that. Harsdorf commented that the new administration will have face challenges. They have met and formed subcommittees, approving two recommendations and will continue with their subcommittees. Harsdorf stated that one thing to remember is that 90% of Wisconsin milk goes into cheese and the cheese market has huge potential and increasing consumer interest. Another highlight was the WI Initiative Corporate Expansion with the Reverse Buyers' Mission. From that Wisconsin already has 15 buyers from 5 different counties. Harsdorf stated that trade missions will continue but reverse buyers missions all us to invite people here to showcase. There has been good news in expanding financing for increase of grants. There have been demands to expand, and Harsdorf complimented the farmers who recognize the importance of conservation practices.

The Secretary mentioned that Animal Health has had plenty of challenges this year but have done a wonderful job with the help of different divisions pitching in. The hemp program has had a lot of interest and Harsdorf stated they are working on collecting this year's research and information from growers. Hemp does not do well in wet weather, cranberries work well in rainy weather. Harsdorf commented that the challenge with hemp is having a market, which has not been established yet but have potential for it. Hemp will still be regulated, tested, licensed. With ATCP 51, trying to find something that people can come together on. Required to do a review of livestock every 4 years and 2018 is that year. Harsdorf does not feel that a full-fledged review is warranted given the fact that 2010 and 2014 have not moved forward, however, they

are still obligated to put it forward. Staff are now putting together an expedited review with the intent for staff to go through any changes of policy, give their recommendations and see if any are warranted or need any modifications. Important to look at why it is important to update those rules.

Harsdorf wanted to take the opportunity to say thank you to the Board for their service. The Secretary stated that Wisconsin Agriculture is something to be proud of and everyone must do what they can to put the economy back on the right track. She stated that this is great department that serves a broad segment of population of state. The department has dedicated staff, committed to serve the people we serve and she applauds them for that. Harsdorf reminded everyone that where we come and go, they stay.

Before closing, Harsdorf wanted to mention the Farm Center, who have been very busy given the times and have to deal with very tough calls. She reminded everyone to tell people to call in to the Farm Center, and most importantly to stop by and talk. Harsdorf reminded that as a farmer you spend a lot of time alone, and sometimes that is not good. Harsdorf stated the need to show farmers that we care and that we are there to talk to. Holidays can make things more pronounced when one wants to have money for the family but does not. Harsdorf thanked everyone and looks forward to paths crossing once again.

Future Schedule and Agenda Items

The Board is scheduled to meet February 7, 2019, in Madison.

Adjournment

Motion

Dennis Badtke moved, and Andy Diercks seconded, a motion to adjourn. Motion approved unanimously.

The Board adjourned at approximately 1:33 PM

Miranda Leis, Board Chair

Paul Palmby, Secretary

All reports and any associated documents presented during a Board meeting can be accessed by contacting the Office the Secretary, Legal Counsel at (608) 224-5023.