

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

July 10, 2019

The Board of Agriculture, Trade and Consumer Protection (“Board”) met on **July 10, 2019**, in the Orion Event Center of the North Star Mohican Casino Resort; W12180 County Road A, Bowler, 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 1:08 p.m.

Members Present

Miranda Leis, Andy Diercks, Dennis Badtke, Paul Palmby, Kurt Hallstrand, Nicole Hansen, Dan Smith, Greg Zwald, Paul Bauer

Minutes

Motion

A motion was made and seconded to approve the May 16, 2019, DATCP Board minutes. Motion was approved.

Welcome

Joe Miller, on behalf of the Mohican Nation, Stockbridge-Munsee Community, welcomed the Board to the North Star Casino and provided a blessing.

New Board Member

Secretary Pfaff introduced Dan Smith, President and CEO of Cooperative Network, and welcomed him as a new member to the DATCP Board. Dan Smith was a dairy farmer in Iowa for thirty years before moving to Wisconsin. He started at DATCP as a volunteer in the Farm Center and most recently served as Administrator of the Division of Agricultural Development.

Panel Discussion on International Trade

Secretary Pfaff introduced the six agricultural producers on the panel. The panelists addressed the Board regarding the impact of international trade on their companies and the farmers they serve. They shared their concerns about the effects of current federal trade policies and tariffs.

Charles Wachsmuth, Vice President of the Chippewa Valley Bean Company, the largest processor and exporter of dark red kidney beans in the world. Over 70% of their products go to the European Union. As a result of the retaliatory tax on steel and aluminum, they've been hit with a 25% tariff. The 2019 crop is in the ground. Normally they have contracted at 60% by this time of the year, however they are currently only at 20%. Because soy and corn prices are down, more farmers are growing kidney beans, and so they are expecting the largest kidney bean crop ever in the U.S. Major markets are shut down and it takes years to develop a new market. And since this is second year of tariffs, other countries are starting to produce more kidney beans. If those countries have another year to develop methods of growing beans, markets will be lost and it will be difficult to get them back. Trade deals support U.S. agriculture. Pulling out of the TPP put the U.S. at a 10% disadvantage compared to everyone who is part of it.

Tom Bressner, Executive Director of the Wisconsin Agri-Business Association, a trade association that represents over 200 companies throughout the state. His members have seen no demand for hokos corn into Europe this year even though this has been a big program for the past five years. This is a result of the work on rewriting the trade deals with Europe. There was a huge immediate impact on grain companies due to the drop in futures prices based on news of the tariffs. The inability to sell normal volumes at harvest time has put pressure on storage space. China shutting them out of the ddg and ethanol markets has created a huge imbalance. 20 to 30% of the ethanol industry may slow production or shut down by the 4th quarter of this year.

Patty Edelburg, dairy farmer, Vice President of the National Farmers Union. This is the sixth successive year of depressed commodity prices. Last year net farm income was less than half of what it was in 2013. The outlook for almost all commodities is very bleak. Farmers have lost 30 years of market building in the snap of a finger. On top of this loss of markets is a commodities glut. It's going to take decades to rebuild what has been lost. In the long term, there needs to be a fundamental shift in the way we establish the economic sustainability of farmers and ranchers in the U.S. But until then, farmers and ranchers need some type of relief. Although there is a \$16 billion trade aid package for farmers, there are concerns that this will not be enough to offset losses.

Doug Rebout, corn, soybean, and dairy farmer, President of the Wisconsin Corn Growers Association. His organization has been working with different groups to host trade teams from other countries to show what good quality products we have. Passage of the USMCA would help because Mexico would be a huge boost for the ethanol market. We also need to consider "value-added" products such as meat. Farm income is down but, due to the tariffs, farm equipment prices have gone way up. WCGA is happy to work with DATCP or any organization that can help with trade.

Will Hsu, President of Hsu's Ginseng Enterprises, located in Marathon County. It is the largest ginseng company in the U.S. About 20-30% of the state's ginseng production passes through their hands each year. Retaliatory tariffs have had a severe adverse effect on entire industry. Over 90% of Wisconsin's ginseng is exported to greater China. Wisconsin is widely recognized as the premier ginseng growing region in the world. Twenty-five years ago, there were over 1,200 farmers producing over 2.5 million pounds of ginseng annually. Now there are fewer than 180 farmers, producing about one million pounds each year. The tariff on ginseng hasn't been this high since 2001. Tariff has increased from 7.5% to 37.5% and farmers are being expected to absorb this increase. Wisconsin grows over 95% of the country's ginseng. Money to develop new export markets is not effective since there are not many large ethnic Chinese communities outside China. Wisconsin is losing sales to ginseng grown in Canada and China. The tariff also applies to ginseng products. The result is a ripple effect on farming and manufacturing jobs in Wisconsin that will be felt for generations to come.

Nick Hemauer, Vice President of Global Retail Sales, GENEX Cooperative, located in Shawano. GENEX is part of one of the largest bovine genetic companies in the world. The distribution center exports 60% of their products around the world. Thus far, they have been able to keep an advantage because of how far ahead the U.S. is in genetics. But their customers are starting to bring in product from Europe and Canada. GENEX is currently looking at how they can keep a competitive advantage with costs going up due to new tariffs.

Public Appearances

Cindy Leitner, on behalf of the members of the Wisconsin Dairy Alliance, appeared before the Board to oppose ATCP 51. She advised that the legislative intent of the livestock siting rule is not evident in the proposed changes, and the 2017 version, as it is currently written, is not workable for the livestock industries in Wisconsin. Ms. Leitner believes that consensus needs to be achieved between stakeholders and DATCP.

Scott Frank, representing the Shawano County Land Conservation Department, appeared before the Board to support ATCP 51. He submitted a letter to the Board from Matt Krueger, the Executive Director of the Wisconsin Land and Water Conservation Association. Shawano County adopted livestock siting in 2006, and so they have first-hand experience with the challenges of implementing a rule that is in need of updates. Mr. Frank encourages the Board to send the draft rule to public hearing.

John Holevoet, representing the Dairy Business Association, appeared before the Board to oppose ATCP 51. He warned that the new setbacks have not been shown to be practical, workable, or cost-effective. The Board sent the rule back to DATCP staff in 2017 to make changes, but there are only minor differences between the 2017 version and the 2019 version. While setbacks may seem objective, they are not--you can buy back your setback, combined with variances that are left up to local units of government. Mr. Holevoet believes another problem is the inclusion of new NRCS standard.

Mike Koles, on behalf of the Wisconsin Towns Association, appeared before the Board to support moving forward on ATCP 51. He believes it is time to go to public hearing. This proposal is largely the same as 2017. The difference, though, is that local governments are more anxious. And the public is more anxious now. This is dangerous to the agriculture industry. Mr. Koles believes the single biggest long-term threat to agriculture is public relations. Local governments need to know the rules of the game so they may adjust.

Kim Bremmer, motivational agriculture speaker from Ag Inspirations, appeared before the Board to oppose ATCP 51. She was a nutrition consultant for 15 years, and she travels around the country and speaks about agriculture. She is concerned that the proposed rule provides numerous opportunities for local governments to deny an expansion where they otherwise would not be able to. If people are not happy with how facilities get sited, there is currently a process in place. However the siting review board has seen minimal cases since 2006. The proposed rule does nothing to further DATCP's stated mission.

Peter Schmidt, dairy farmer from Bonduel, WI, appeared before the Board to speak against ATCP 51. He lives on family dairy farm and points out that our farmers are currently under stress. Mr. Schmidt believes that the siting rules aren't practical as written. He agrees that the rules need to be updated for future generations, but stresses the need to work together to find a compromise.

Pam Selz-Pralle, dairy farmer in Clark County, appeared before the Board. She is concerned that she might be a "terminal" dairy farmer. She pointed out that some of the statistics used in the analysis are based on 2012 numbers, and this makes her nervous about the information that is being relied upon. She stressed the need for input from current stakeholders--those who will be actively farming 10 years from now. This is not a farm size issue, but a business issue, according to Ms. Selz-Pralle.

Andrew Skwor, agricultural engineer from MSA Professional Services, appeared before the Board in opposition to ATCP 51. He works to assist farmers with expansions and improvements, and 85% of his business is done in Wisconsin. Over the past ten years, he has seen a migration of agriculture out of the state. Mr. Skwor wants to see collaboration on the rules so that they work for everyone.

Jerry Halverson, on behalf of the Manitowoc County Soil & Water Conservation Department, appeared before the Board to speak on ATCP 51. He was a member of the 2004-05 advisory committee that developed the current standards in ATCP 51. He also served on the 2010, 2014, and 2018 technical advisory committees. Science has evolved, but updates have not occurred since 2005. Mr. Halverson recommends moving ATCP 51 to public hearing to get additional comments and recommendations to make the standards even better. We must move forward, otherwise we will fall further behind.

Kara O'Connor, on behalf of the Wisconsin Farmers Union, appeared before the Board in support of ATCP 51. She urged the Board to move the draft rules forward to public comment so that citizens have the opportunity to provide input on the rules. The rules currently reference out-

of-date DNR and NRCS standards. The way to make the rules consistent is to move forward to public comment so that changes can be made.

ATCP 10 and ATCP 12 – Animal Movement and Diseases, Animal Markets Dealers and Truckers (Final Draft)

Dr. Darlene Konkel, Acting State Veterinarian, and Angela Fisher, Program and Policy Analyst in the Division of Animal Health, presented the Final Draft of Wis. Admin. Code ch. ATCP 10 and 12 to the Board. Dr. Konkel gave a brief overview of the changes that appear in the final draft. The majority of the modifications are updates to reflect changes to the application of the rules, clarification of the rules, and changes to provide consistency across species. An extensive rule summary and comment summary were provided to the Board. Some of the key changes made to the final draft removed proposals regarding farm-raised deer. These changes from the draft version removed the instate movement restrictions, the enhanced fencing requirements, and the change in the registration expiration date.

Motion

A motion was made and seconded to approve the Final Draft of Wis. Admin. Code ch. ATCP 10 and 12. Motion was approved unanimously.

ATCP 51 – Livestock Siting (Hearing Draft)

Sara Walling, Administrator of the Division of Agricultural Resource Management, Lacey Cochart, Director of the Bureau of Land and Water Resources, and Chris Clayton, Manager of the Livestock Siting Program, presented the Hearing Draft of Wis. Admin. Code ch. ATCP 51 to the Board.

Lacey Cochart stressed that ATCP 51 was in the “hearing draft” stage and that the Department expected changes would be made to the current draft version based on the feedback they receive during the public comment stage.

Chris Clayton presented a summary of the ATCP Hearing Draft. A handout of his PowerPoint presentation was made available and copies were given to Board members. The next step will be a series of four public hearings to be held during August in Eau Claire, Wausau, Oshkosh, and Madison. Written comments will be taken 10-20 days following the last hearing. The final draft rule will incorporate changes based on the comments. The final draft will be presented to the Board at the November 2019 DATCP Board meeting.

Motion

Paul Palmby moved, and Andy Diercks seconded, a motion to approve the Hearing Draft of Wis. Admin. Code ch. ATCP 51.

Paul Bauer moved to amend the motion so that the Hearing Draft packet will include all of the public comments received today and all line-by-line recommendations from staff, and asked that the DATCP staff provide an update on the public comment process at the September DATCP Board meeting. This amendment was seconded and carried unanimously.

A vote to approve the Hearing Draft of Wis. Admin. Code ch. ATCP 51 as amended was taken by roll call. The motion was approved unanimously.

Board Member Reports

Kurt Hallstrand: It's wet. Made first dry hay on Sunday. Got about 25% of feed up. Corn is about a week behind in his neck of the woods. Logging industry is stable, it's good.

Paul Palmby: Pea harvest is underway. It's variable—some are very good, some are very poor. The industry is quite challenged. There's an overhang of inventory from last year's crop. It's a bit of a struggle right now, but there's cause for optimism. Acreage is about the same as last year, but tonnage will be a little a little shorter. Secretary Pfaff visited yesterday.

Dennis Badtke: Appreciate and enjoy this nice facility for a Board meeting. Appreciate hearing today's comments about the dairy industry.

Andy Diercks: Appreciate the recent rain. The crops in the Central Sands are a couple days behind.

Paul Bauer: Prices are up. The USDA did something right. Some support in cheese prices. Shortage of milk right now. No longer bringing in copious amounts of milk from MI since they are short in their own state. Took his first week off in four years—wishes he hadn't.

Greg Zwald: There's currently a lot of variation in corn. Some is 3 inches tall, some is knee high. Personally, strawberries are doing well—better than average. Son is home helping manage.

Dan Smith: Introduce the Cooperative Network a bit. Includes 12 different business sectors. In Wisconsin and Minnesota, their largest sector is agriculture. Spends a lot of time traveling in WI and MN visiting members and asking them, "What keeps you up at night?" Issues: lack of profitability in ag sector affects all other sectors, weather, need for broadband, lack of labor, impact of federal immigration policy, infrastructure.

Nicole Hansen: Despite what some may believe, cranberries do not grow in water--they need to breathe. Currently 7-10 days behind last year. Full blossoms a week ago. It will take the rest of the season to color. Been nurturing honeybees. Winter was pretty decent. Cranberry plants made it through pretty well.

Miranda Leis: Got second crop up. Rain last night after “dry spell” of 3 days. Corn doing well—loves the heat. However, the corn looks bad west of Rochester. Kids are busy with sports. County fair in 3 weeks.

Secretary’s Report

Secretary Designee Brad Pfaff--Executive Order 18 provides for at least an annual consultation with Tribal leaders of the eleven sovereign tribes. Secretary Pfaff and members of DATCP staff met with Tribal leaders this morning before the DATCP Board meeting. The top four issues that were mentioned were industrial hemp, food safety, chronic wasting disease, and water quality.

Governor Evers signed the 2019-2021 biennial budget on July 3, 2019. Gov. Evers calls it “the people’s budget.” Some of the highlights of that budget include a record \$48 million to expand broadband service around the state. This is more than the total that has been put in over the past five years. The budget provides \$8.8 million for a dairy innovation hub in the University of Wisconsin system. This is to encourage research and innovation in dairy industry. The budget also allocates \$200,000 for promoting Wisconsin foods to local buyers and local markets.

Over the past two months, the Secretary has continued to travel across Wisconsin to visit farmers and food processors so that he might share their stories. On June 28, he visited Nicole Hansen at a cranberry marsh in Juneau County. On Monday, the Secretary was in Racine County. Racine, Kenosha, and Waukesha Counties all have a lot of “prevent plant.” The Secretary visited a farmer who normally plants over 2,000 acres. That farmer currently has zero in the ground. Another farm with 400 acres also had zero in the ground. Prevent Plant assistance will help, but it won’t make things whole.

The Secretary wants to have more conversations with USDA partners—RMA, FSA, NRCS, and NASS--and then come back and give the Board reports on where we’re at in the state, and also where we are going to go.

Yesterday the Secretary visited Paul Palmby at Seneca Foods in Rock County and was able to see the diversity of agriculture in Rock County.

Throughout June, the Secretary was able to celebrate June Dairy Days over and over and over around the state.

The Dairy Task Force 2.0 wrapped up its work, and there was an event to recognize the 31 members on June 21, hosted by Governor Evers at his residence. The Secretary hopes to have Mark Stephenson from the UW College of Agricultural and Life Sciences appear before the Board to talk about the task force’s final report and the status of the 51 recommendations that were approved.

The Secretary addressed the annual FFA convention in June. On July 23 and 25, the Secretary will be attending Farm Technology Days in Jefferson County and recommends that others attend the event if possible. The Wisconsin State Fair will take place from August 1 to August 11 in West Allis. The Secretary believes it is important to continue to tell the story of what agriculture means to this state.

Agency Updates:

Division of Agricultural Development

- The division recently hosted an event for cheese buyers from the Middle East. The event was a success with 15 buyers from 11 companies. There are no numbers yet, but anecdotal feedback was very positive.
- The International Team is currently at the China Dairy Expo.
- Farm Center staff is working with Journey Mental Health Center to recognize the signs of common mental health issues and to learn how to assist someone in crisis.
- Farm Aid is coming to Wisconsin in September. The Secretary is kind of “split” on the event. On the one hand, he welcomes the music. On the other hand, he doesn’t like what it means to need this aid and hopes the farm economy is in pretty good shape moving forward.

Division of Food and Recreational Safety

- The Wisconsin Cooperative Interstate Shipment (CIS) program now has 17 establishments accepted and participating.
- Safe Wisconsin Produce program is holding numerous events this summer to help farmers prepare for inspections.

Division of Agricultural Resource Management

- In June, DATCP published the 2018 Wisconsin Land and Water Conservation Report and it is now available on the DATCP website.

Division of Management Services

- The Bureau of Laboratory Services is in the process of recruiting two new chemists to assist with the testing of industrial hemp samples. Last year the lab conducted 658 tests on more than 300 samples. This year the lab is anticipating up to 2,000 samples.
- The IT staff is continuing to look for ways to strengthen network security. Recently DATCP was awarded an “A” grade on an audit of the system security.

Division of Animal Health

- The staff continues to provide removal tests from the bovine TB affected herd in Dane County.
- The staff is also working with industry partners to prevent African swine fever in Wisconsin.

Division of Trade & Consumer Protection

- The Bureau of Consumer Protection is continuing to increase its outreach to seniors in the Milwaukee area and to communities of color.
- Next week, employees in the Bureau of Weights and Measures will attend the annual meeting of the National Conference on Weights and Measures in Milwaukee.

Question:

PB: What is the concern of sovereign nations on hemp?

Secretary: They can create their own rule, but they want to work with state. They also have issues that go beyond the concerns of DATCP, such as interstate transport and issues of law enforcement.

Future Schedule and Agenda Items

The Board is scheduled to meet September 19, 2019, in Madison. The Secretary of Workforce Development, Caleb Frostman, has agreed to appear before the Board at the next meeting.

Adjournment

Motion

A motion to adjourn was made and seconded. Motion approved unanimously.

The Board adjourned at approximately 4:46 p.m.

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.