



COMMERCIAL FEED INSPECTION FEE (TONNAGE)

This document is for guidance purposes only and does not constitute legal advice. It is the responsibility of the commercial feed manufacturer/distributor to ensure they are in compliance with the applicable laws and requirements. Following the guidance in this document does not preclude regulatory or compliance action by the Wisconsin Department of Agriculture, Trade, and Consumer Protection when authorized by state law, nor does it release any commercial feed manufacturer or distributor from legal responsibility or liability of any kind.

During several Feed Program meetings with a variety of stakeholders and members of the regulated community, the Department of Agriculture, Trade, and Consumer Protection (DATCP) created this guidance document in order to clarify the requirements pertaining to the collection and payment of the commercial feed inspection fee (e.g., Tonnage).

Definitions

- **Commercial feed** as per Wis. Stat. §94.72, is defined as ...all products or materials used or distributed for use as a feed or an ingredient in the mixing or manufacturing of feed for animals or birds, except:
 1. Unmixed whole seeds or grains; as defined by United States grain standards.
 2. The unmixed meals made directly from and consisting of the entire grains of corn, wheat, rye, barley, oats, buckwheat, flaxseed, kafir, milo and other seeds or grains. Such unmixed meals shall not be sold in violation of sub. (3).¹
 3. Whole hays, straws, cottonseed hulls, stover and silage, when unmixed with other materials.
 4. Meat and other portions of animal carcasses in their raw or natural state without further processing except freezing or denaturing.
- **Branded or Floor-Stocked Feed** – a feed that the mill manufactures to keep on-hand at all times, for any regular or “cash” customer.
- **Custom-mixed feed**, as per Wis. Stat. §94.72, is defined as ...commercial feed consisting of a mixture of commercial feeds or feed ingredients mixed on a custom basis at the request of the final purchaser at retail, and containing only commercial feed or feed ingredients in quantities and proportions as specifically directed by the purchaser in requesting the custom-mixing of the feed. As per Wis. Admin. Code §ATCP 42.01(3), **custom-mixed feed** is further defined as ...a commercial feed, other than a mill-formulated feed, which a manufacturer prepares at the request of a final retail purchaser who does either of the following:
 - (a) Provides one or more ingredients comprising a significant portion of the commercial feed.
 - (b) Specifies the formula for the commercial feed. This paragraph does not apply if the purchaser obtains the formula from the feed manufacturer or labeler, but does apply if the purchaser obtains the formula from any of the following:
 1. The label of a prepackaged commercial feed concentrate or premix.
 2. A person other than the feed manufacturer or labeler.
 - ★ As per Wis. Admin. Code §ATCP 42.02(3)(d), the inspection fees and feed tonnage report required under Wis. Stat. §94.72(6). A feed manufacturer is not required to pay inspection fees on either of the following:
 1. Grain used in a mill formulated feed if that grain is owned and provided by the final retail purchaser of that feed.
 2. Grain used in a custom-mixed feed.²
- **Custom-formula feed** – a feed that the mill manufactures for a customer, upon the customer’s specifications.

¹ Meal means an ingredient which has been ground or otherwise reduced in particle size, or where the **entire** seed is **physically** changed. For example, ground corn meets the definition. Unmixed ground corn is exempt and is not commercial feed. Steamed corn is **not** considered an unmixed meal, as the heat from the steam **chemically** changes the seed kernel. Steamed corn is **not** exempt and is a commercial feed.

² See question 10.

- Formula could be designed by the customer, by an independent nutritionist hired by the customer, or by a staff nutritionist of another mill. Regardless, the mill manufacturing the feed does not have permanent access to the formula of the feed, and the mill does not represent any guarantees for the feed (i.e. 16% minimum crude protein).
- Refer to the example below; to the mill up the road, Madison Cooperative, Shrine Ration would be a custom-formula feed.
- **Mill formulated feed**, as per Wis. Admin. Code §ATCP 42.01(14), is defined as ...a commercial feed consisting of a mixture of commercial feeds or feed ingredients mixed on an individual basis by the feed manufacturer or labeler according to a feed formula devised and prepared by the manufacturer or labeler for a final retail customer of the manufacturer or labeler.
- *Mill-formulated feed*: A feed that is designed, and manufactured by a specific mill.
 - The mill-formulated feed could be designed by a nutritionist on staff at the mill specifically for one customer's needs
 - The mill-formulated feed could be a "branded" or "floor-stocked" feed that is available to any existing customer or random individual that enters the mill to buy animal feed.
 - For example: Shrine Dairy is in Eden Prairie, Wisconsin. DeForest Cooperative has a staff nutritionist, Joe. Shrine Dairy has DeForest Cooperative manufacture "Shrine Ration" for their dairy herd, formulated by Joe. To DeForest Cooperative, Shrine Ration is a mill-formulated feed.

Frequently asked questions

1. **Q:** What do I report under tonnage and what part of the tonnage do I pay inspection fees on?

A: Under Wis. Stat. §94.72, a Wisconsin commercial feed license holder shall report all tons of feed distributed each calendar year, from January 1 to December 31, in the State of Wisconsin. Inspection fees are essentially due on all the commercial feed or feed ingredients that a commercial feed license holder is the **first** to distribute in the State of Wisconsin. In order to determine the net quantity of tons to report, the Statute requires that a firm report all credits for feed that the firm was **not** the first to distribute. Feeds or feed ingredients manufactured in Wisconsin and sold/distributed outside of WI are subject to Wisconsin inspection fees.

- (a) First, the firm will begin the report by entering all tons of feed and feed ingredients sold/distributed in the State of Wisconsin. Only exclude grain bank grain, whole grains mixed into custom-formula feeds, and retail feeds (e.g. Ol' Roy Goat Feed sold by Joe's Mill in Madison, WI and manufactured by ABC Company out of Marshall, WI).
- (b) Second, the firm will enter the tons of feed and feed ingredients purchased from other firms, as well as tons of feed and feed ingredients purchased from Exempt Buyer-status firms. License numbers must be included for each company; if the company is not licensed, you assume responsibility for the tonnage and inspection fee reporting.
- (c) Third, the feed and feed ingredients purchased from other firms and the feed and feed ingredients purchased from Exempt Buyers will be netted from the total tons of feed and feed ingredients distributed in the State of Wisconsin.
- (d) Finally, the firm will multiply the net tons of feed and feed ingredients distributed (determined in Step 3 above) by \$0.25. The final number will be the dollar amount of inspection fees the firm is responsible for remitting to the Department. (In addition to any applicable late fees.)

2. **Q:** How do I know if I am responsible for the inspection fees on feed I purchase?

A: As per Wis. Stat. §94.72(6)(c), A manufacturer or distributor who distributes commercial feed to another manufacturer or distributor except an exempt buyer shall indicate on the invoice or sales receipt that the inspection fees have been or will be paid either by the manufacturer or distributor who distributes the commercial feed or by a prior manufacturer or distributor in the chain of distribution. Simply stated, the invoice will need to indicate who has paid the inspection fee. (Also refer to question 4.)

3. **Q:** How do I know if I'm responsible for the inspection fees on feed I sell?

A: As per Wis. Stats. §94.72(6)(b), if more than one manufacturer or distributor is involved in the chain of distribution, the one

who first sells or distributes commercial feed for further sale is responsible for the payment of inspection fees for the feed. (Also refer to question 3.)

For example, if a farmer requests a mix of grain-bank corn (his corn), steamed oats, and whole barley, the commercial feed license holder would pay inspection fees on the steamed oats only. The whole barley is exempt because it is a defined whole grain by US Grain Standards. The grain-bank corn is exempt because it is not a commercial feed, it is personally-owned corn, owned by the farmer. Therefore, the steamed oats is the only ingredient that is subject to the inspection fee.

4. **Q:** Who is responsible for fees on feed or feed ingredients sold from another state into Wisconsin?

A: The first person or entity to distribute a feed or feed ingredient in Wisconsin is the person responsible for the inspection fees applicable to the feed or feed ingredient. For example, if ABC Company out of Marshall, Minnesota distributes a mineral pre-mix into Wisconsin, ABC Company in Marshall, Minnesota is responsible for the Wisconsin inspection fees. Even if your facility uses ABC Company's mineral pre-mix in a sheep feed formulated/mixed by your business, ABC Company is, ultimately, responsible for the Wisconsin inspection fees associated with the pre-mix.

5. **Q:** Are fees due on feed or feed ingredients distributed from Wisconsin to another state?

A: Feeds or feed ingredients manufactured in Wisconsin and sold/distributed outside of WI are subject to Wisconsin inspection fees. As per the definition of distribute (Wis. Stat. §94.72(1)(e), means to sell, offer to sell, exchange, barter or solicit orders for the sale of a feed product or otherwise to supply or furnish a feed product to purchasers in this state, whether or not the sales or transactions are made wholly or partially in this state or another state.

6. **Q:** Is producer grain (also known as grain bank) exempt from tonnage tax?

A: Although Wis. Stats. §94.72 or Wis. Admin. Code §ATCP 42 does not define "producer grain," producer grain is recognized in the feed industry as grain owned by an individual (or entity) and stored for future use at a grain storage facility. Thus, producer grain is personally owned grain, not commercial feed. Producer grain is not distributed (sold) by the feed manufacturer and, as such, no inspection fees are due on this customer-provided grain. Even in the scenario where the producer grain is ground in the process of making the mill-formulated (via a nutritionist) or custom-formula feed, the producer grain is not subject to tonnage reporting or inspection fees.

7. **Q:** Why is custom-formula feed exempt but mill-formulated feed subject to the inspection fee?

A: Custom-formula feed is NOT exempt from inspection fees. All feed or feed ingredients distributed in Wisconsin are subject to inspection fees. Ingredients that have had the fee paid previous to further manufacturing at a particular site should not be included in that site's inspection fee calculation. Whole seed/grain that is mixed as an ingredient in a custom-formula feed is not subject to inspection fees, whether it is provided by the customer or by the mill.

8. **Q:** We manufacture a floor-stock chicken feed. Which ingredients are subject to the fees?

A: Using the photo to the right, let's assume the mill owns the following: shelled corn, roasted soybeans and oats. Further, let's assume the mill purchases, from other suppliers, the following: alfalfa meal, fish meal, calcium, and poultry Nutri-Balancer.

The mill would be responsible for the inspection fees on the shelled corn, roasted soybeans, and oats. The original manufacturer of the alfalfa meal, fish meal, calcium, and poultry Nutri-Balancer would be responsible for the inspection fees on those four (previously listed) ingredients.

Formula: Chicken Feed		
1015# shelled corn		
625# roasted soybeans		
100# oats		
100# alfalfa meal		
75# fish meal		
25# calcium		
60# poultry Nutri-Balancer		
2000# batch		

9. **Q:** Two customers have a custom-mix calf feed. One uses cracked corn, the other whole corn. Both of these are mixed with a calf feed pre-mix, that comes in 50 lb. bags. What fees are owed on either product?

A: In a custom-mix feed, whole seed grains are exempt from inspection fees and tonnage reporting whereas processed grains

Formula: George's Calf Feed	Formula: Steve's Calf Feed
1800# whole corn	1800# cracked corn
200# Emerald City Mineral Pre-mix	200# Emerald City Mineral Pre-mix
1000# batch	1000# batch

(either chemically or physically changed seeds/grains) are subject to inspection fees and tonnage reporting. In the custom-mix with cracked corn, the pre-mix is considered "pre-paid" (not subject to inspection fees, only subject to tonnage reporting) and the mill-supplied cracked corn is subject to the inspection fees and tonnage reporting. In the custom-mix with whole corn, the pre-mix is considered "pre-paid" (not subject to inspection fees, only subject to tonnage reporting) and the mill-supplied whole corn is exempt from both inspection fees and tonnage reporting.

10. **Q:** Using the same scenario – cracked corn and whole corn, along with a calf feed pre-mix – but as a floor stocked feed (e.g., mill-formulated). Is the feed subject to inspection fees?

A: In this scenario, although the mill is labeling the product with the required components including a guaranteed analysis (see sample labels below). The cracked corn and the whole corn are both subject to the inspection fees and to tonnage reporting. However, your firm is not responsible for the inspection fees on the pre-mix, as the manufacturer of the pre-mix has already paid these fees.

Sapphire Feed Mill Calf Creep Feed	
For beef calves 3 days to 3 months	
<i>Guaranteed Analysis</i>	
Crude protein	18% min
Crude fat	9% min
Crude fiber	12% max
Calcium	2% min
Calcium	5% max
Phosphorous	3.2% min
Salt	0.8% min
Salt	1.7% max
Potassium	2.1% min
Vitamin A	60 IU/lb.
<i>Ingredients</i>	
Whole corn, rice hulls, calcium carbonate, salt, monocalcium phosphate, potassium carbonate, Vitamin A Supplement.	
<i>Feeding Directions</i>	
Offer as free choice creep feed as supplement for calves up to 3 months, or 400 pounds.	
Sapphire Feed Mills Sapphire City, WI	
50 lb (22.679 kg)	

Sapphire Feed Mill Moo Creep	
For beef calves 3 days to 3 months	
<i>Guaranteed Analysis</i>	
Crude protein	18% min
Crude fat	9% min
Crude fiber	12% max
Calcium	2% min
Calcium	5% max
Phosphorous	3.2% min
Salt	0.8% min
Salt	1.7% max
Potassium	2.1% min
Vitamin A	60 IU/lb.
<i>Ingredients</i>	
Cracked corn, rice hulls, calcium carbonate, salt, monocalcium phosphate, potassium carbonate, Vitamin A Supplement.	
<i>Feeding Directions</i>	
Offer as free choice creep feed as supplement for calves up to 3 months, or 400 pounds.	
Sapphire Feed Mills Sapphire City, WI	
50 lb (22.679 kg)	

Commercial Feed Inspection Fee (Tonnage) – Page 5

Refer to pages 1-2 for definitions of commercial feed, custom-mixed feed, and mill-formulated feed. In addition, the definition of commercial feed defines what is feed and what is not feed.

- START -
Are you the original manufacturer of all of the commercial feed or feed ingredient(s)?

No

"TYPICAL REQUIREMENT"

1. If a different Wisconsin-licensed company introduced this feed into commercial feed commerce, the inspection fees are required to be paid by that WI-licensed company.
2a. Report the tons as distributions in Schedule A, and claim the tons in Schedule B for credits.
2b. If a company introduced this commercial feed into commerce that isn't licensed in WI, you are responsible for the inspection fees. Report the tons in Schedule A, and remit the fees to the Department.

Yes

What kind of commercial feed is this?
1. Custom-mixed feed
2. Branded feed (floor-stock)
3. Mill-formulated feed
4. Feed ingredient

Custom-mix

See page 2 for custom-mixed feeds

Branded (floor-stock) feed

Feed ingredient

See page 4 for feed ingredient

Mill-formulated

See page 3 for Mill-formulated feed

Do all ingredients in this commercial feed come from other WI-licensed commercial feed or feed ingredient manufacturers?

Yes

No

See "TYPICAL REQUIREMENT" to the left.

Does the formula include any ingredients that, before mixing, would have been 'unmixed whole seeds, grains, or meals'?

Yes

No

Your company must report and pay inspection fees on those previously unmixed whole seeds, grains, or meals. Report the tons in Schedule A.

Next

Your company must report and pay inspection fees on those previously food-grade ingredients. Report the tons in Schedule A.

Yes

No

Does the formula include any ingredients sold to you as non-feed (e.g. food grade)?

The Exempt Buyer accepts responsibility for any inspection fees owed on the feed. You may need to provide them with the amount of feed that should be assessed the fees. Report the tons in Schedule A, and claim credit for the tons in Schedule B.

Next

Continue to page 2 if you manufacture custom mixed feed.

No

Yes

Did an Exempt Buyer purchase the commercial feed?

Next

Yes

No

Your company must still report and pay inspection fees on the previously unmixed whole seeds/grains/meals and the previously human-grade ingredients that went into the feed, as the transaction occurred wholly or partially in the state of WI per the definition of "distribute," [Wis. Stat. §94.72(1)(e)].

Next

Did an out-of-state company purchase the commercial feed?

Next

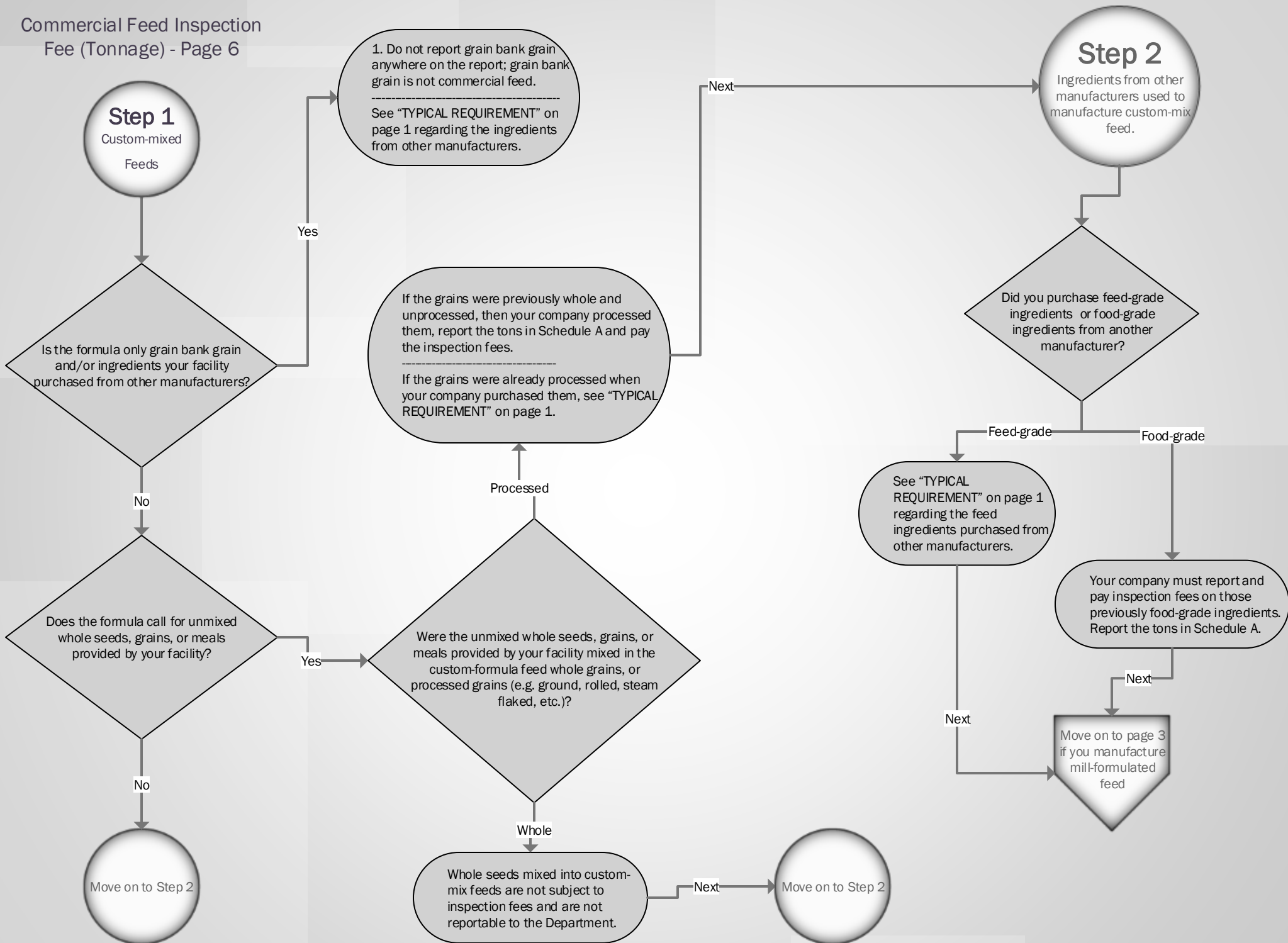
Your company must report and pay inspection fees on those previously food-grade ingredients. Report the tons in Schedule A.

Yes

No

Does the formula include any ingredients sold to you as non-feed (e.g. food grade)?

Commercial Feed Inspection
Fee (Tonnage) - Page 6



Commercial Feed Inspection
Fee (Tonnage) - Page 7

Note that mill-formulated feed can be either a mill-derived formula for a specific customer (see the chart below), or a mill-derived "branded" (also known as a 'floor-stock') formula feed (refer to chart on page 1) manufactured for any impromptu customer.

