

## EXISTING ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

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1. Type of Estimate and Analysis

Repeal     Modification

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2. Administrative Rule Chapter, Title and Number

Ch. ATCP 55, Meat and Meat Food Products

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3. Date Rule promulgated and/or revised; Date of most recent Evaluation

Last revised May 2015, Register No. 713

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4. Plain Language Analysis of the Rule, its Impact on the Policy Problem that Justified its Creation and Changes in Technology, Economic Conditions or Other Factors Since Promulgation that alter the need for or effectiveness of the Rule.

The Department of Agriculture, Trade, and Consumer Protection's state meat and poultry inspection program is governed by ch. 97, Stats., Food, Lodging and Recreation. Wisconsin operates the nation's largest state meat and poultry inspection program, with approximately 260 meat establishments.

Currently, a licensed meat establishment is required to pay a \$200 annual license fee or an annual license fee of \$80 if the owner is solely engaged in custom processing at that establishment. After consultation with industry, this rule will replace the \$200 annual fee with a new fee structure effective 1/1/19 based on the activities done at the licensed meat establishment. Based on the establishments listed in the 2016-2017 Meat Establishment Directory (subtracting two establishments which have gone out of business), licensing fees charged to official establishments, industry-wide, would decrease by \$18,550. Under the proposed rule, an estimated 76 establishments would still pay \$200, 88 establishments would pay \$150, 5 establishments would pay \$100, and 91 establishments would pay \$50. This rule also:

- Eliminates slaughter inspection fees for alpaca, bison, and llama producers who previously had to pay for voluntary inspection of slaughter.
- Legalizes the commercial slaughter and processing of rabbits by creating a no-cost license category for the slaughter of 3,000 or fewer rabbits annually (\$25 if more than 3,000 are slaughtered) and instituting baseline sanitation and recordkeeping requirements to adequately safeguard public health while allowing low-volume rabbit producers to develop their businesses.
- Exempts low-volume rabbit slaughter from slaughter inspection requirements, provided the rabbits are slaughtered at the same premises where produced, and recordkeeping and licensing requirements are met.
- Ensures that exemptions from the requirement in rule to hold a meat establishment license are consistent with those created by 2015 Wisconsin Act 243.
- Clarifies the formula and package labeling exemptions for retail meat and poultry products.
- Aligns the list of exemptions related to custom processing with statutes, in part by defining custom processing to include both slaughter and processing of meat or poultry products.
- Adds the Martin Luther King, Jr. Day holiday to the list of holidays for the purposes of scheduling meat inspection.
- Simplifies the listing of applicable federal regulations, while incorporating 9 CFR 412, which relates to labeling requirements.
- Replaces the term "meat and meat food products" with "meat and poultry products" throughout the rule.
- Updates terminology and adds definitions to improve clarity.

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5. Describe the Rule's Enforcement Provisions and Mechanisms

The Department has specific authority under s. 97.42 (4), Stats., to establish rules to regulate the slaughter and processing of animals and poultry for human consumption, and ch. 97, Stats., includes authority for compulsory inspection of animals, poultry, and carcasses. Wis. Admin. Code ch. ATCP 55 interprets and implements Wis. Stat. ch. 97, as it relates to Meat and Meat Food Products. Wisconsin's meat and poultry inspection program operates under a cooperative agreement with the US Department of Agriculture (USDA) to provide inspection services to meat establishments not engaged in interstate commerce and those enrolled in the Cooperative Interstate Shipment program.

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The USDA ensures that state programs meet inspection standards that are “at least equal to” federal meat inspection standards.

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6. Repealing or Modifying the Rule Will Impact the Following (Check All That Apply)
- |   |   |
|---|---|
| <input type="checkbox"/> State's Economy        | <input checked="" type="checkbox"/> Specific Businesses/Sectors |
| <input type="checkbox"/> Local Government Units | <input type="checkbox"/> Public Utility Rate Payers             |
|   | <input checked="" type="checkbox"/> Small Businesses            |

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7. Summary of the Impacts, including Compliance Costs, identifying any Unnecessary Burdens the Rule places on the ability of Small Business to conduct their Affairs.

This rule change is anticipated to decrease costs for producers of alpacas, bison, and llamas; reduce license fees for most meat establishments and several retail food establishments; and decrease procedural barriers for meat establishment operators running a retail food establishment on the same premises. While rabbit producers may face a slight increase in costs, the ability to slaughter rabbits in an on-farm licensed facility may increase their ability to sell rabbit to restaurants and other retail food establishments. By increasing the number of animal species that can be slaughtered in Wisconsin under no-fee inspection, as opposed to under voluntary for-fee inspection, the rule enhances the economic position of farmers producing alpacas, bison, and llamas.

The rule will not have an economic impact on local governmental units or public utility taxpayers. The Department is unaware of any burdens the rule would place on the ability for small businesses to conduct their affairs.

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8. List of Small Businesses, Organizations and Members of the Public that commented on the Rule and its Enforcement and a Summary of their Comments.

A draft of the proposed ATCP 55 was posted for public comment on economic impact from June 23, 2017 to July 22, 2017. No comments were submitted.

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9. Did the Agency consider any of the following Rule Modifications to reduce the Impact of the Rule on Small Businesses in lieu of repeal?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe: New licence fee structure based on product and process risk

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10. Fund Sources Affected

- GPR    FED    PRO    PRS    SEG    SEG-S

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11. Chapter 20, Stats. Appropriations Affected

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12. Fiscal Effect of Repealing or Modifying the Rule

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|--|---|--|
| <input checked="" type="checkbox"/> No Fiscal Effect | <input type="checkbox"/> Increase Existing Revenues | <input type="checkbox"/> Increase Costs                      |
| <input type="checkbox"/> Indeterminate               | <input type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Could Absorb Within Agency's Budget |
|  |   | <input type="checkbox"/> Decrease Cost                       |

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13. Summary of Costs and Benefits of Repealing or Modifying the Rule

This rule change is anticipated to decrease costs for producers of alpacas, bison, and llamas; reduce license fees for most meat establishments and several retail food establishments; and decrease procedural barriers for meat establishment operators running a retail food establishment on the same premises. While rabbit producers may face a slight increase in costs, the ability to slaughter rabbits in an on-farm licensed facility may increase their ability to sell rabbit to restaurants and other retail food establishments.

The Department believes the changes being presented will have a beneficial impact on the license holder because of a potential reduction in fees based on product and process risk. The Department included provisions in order to make the rule more flexible and equitable for small rabbit processing establishments. In addition, several elements of the rule

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regarding retail sales of meat and poultry products may reduce the regulatory burden on some of the retail food establishments that process meat and poultry. As the Department concurrently revises ATCP 70 (Food Processing Plants) and ATCP 75 (Retail Food Establishments) to coordinate food business licensing requirements, some meat establishments may be required to obtain a retail food establishment license instead of, or in addition to, a meat establishment license. Retail food establishment license fees vary according to the scope and nature of processing done at the establishment. Finally, the rule is revised to ensure consistent inspection service to custom meat establishments.

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14. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

Yes     No

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15. Long Range Implications of Repealing or Modifying the Rule

This rule modification implements provisions of 2015 Wisconsin Act 243. The long range benefits of modifying ATCP 55 include clarification of requirements for affected businesses as well as services provided by the Department. The revised fee structure for meat establishment licenses will support a range of business types. Clarification of terminology, formula and labeling requirements, and exemptions will benefit meat establishments in their long-term planning and business development.

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16. Compare With Approaches Being Used by Federal Government

State meat inspection programs operate under a cooperative agreement with the USDA Food Safety and Inspection Service (FSIS). Under this agreement, state meat inspection programs are required to adopt regulations that are "at least equal to" federal meat and poultry inspection regulations. In addition, Wisconsin is one of four states participating in the Cooperative Interstate Shipment (CIS) program allowing certain selected state-inspected meat establishments to ship their products in interstate commerce. States in the CIS program must adopt regulations that are the "same as" federal meat inspection regulations.

The proposed rule will ensure Wisconsin's state meat inspection program is consistent with federal regulations and expectations for inspection and enforcement procedures, as well as exemptions from inspection, and suspension of inspection.

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17. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Michigan currently does not operate a state meat and poultry inspection program and is not eligible to participate in the CIS program. Minnesota, Iowa, and Illinois operate state meat inspection programs similar to Wisconsin's program, but are not in the CIS program.

Illinois' state meat inspection program includes USDA's Federal-State Cooperative program (formerly known as the "Talmadge-Aiken" program). Under this program, state inspectors conduct federal inspections, and the inspected establishments are thereby allowed to sell their products in interstate commerce.

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18. Contact Name	19. Contact Phone Number
Cindy Klug, Director - Bureau of Meat and Poultry Businesses	608-224-4729

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