



# GARY TAUCHEN

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TO: Chairman Nerison and Members of the Assembly Committee on Agriculture

FROM: Representative Gary Tauchen

DATE: February 6, 2018

RE: AB 765 Testimony

Good morning Chairman Nerison and committee members, and thank you for hearing testimony on this important piece of legislation.

AB 765, Livestock Premises Registration, is a bi-partisan piece of legislation intended to help fund the premises program through 2019. In 1998, a discovery tour of the Netherlands and Denmark was taken to look at, bring back, and apply to Wisconsin ideas that made sense.

In 2002 a non-profit livestock producer and industry organization was established called the Wisconsin Livestock Identification Consortium (WLIC). Wisconsin's \$88 billion agriculture industry is heavily dependent on the livestock industry. On December 23, 2003 "the cow that destroyed Christmas" event occurred and threatened an entire industry. A Holstein in Washington State had tested positive for bovine spongiform encephalopathy (BSE) for the first time in the United States. Its origin was traced back to Alberta, Canada.

In 2004, Wisconsin became the first state in the nation to require premises registration. The original Wisconsin Livestock Premises Registration Act required anyone who keeps, houses, or co-mingles livestock to register their premises in order to protect animal health, safeguard market access, and offer opportunities to enhance the marketability of Wisconsin livestock products. Wisconsin became the model for other states trying to implement the trace back system. Prior to Federal entitlement cuts in 2011, Congress had provided Wisconsin roughly \$1 million per year in funding. With those cuts, the state of Wisconsin was statutorily required to maintain this program.

Rather than DATCP absorbing those responsibilities, a public-private partnership with WLIC is much more efficient and cheaper for the state as whole. Ag-security and trace-back modeling has allowed our state veterinarian, Dr. McGraw, to maintain tabs on animal disease.

Currently, the WLIC program costs roughly \$350K to operate per year, with the state funding \$250K of that total. WLIC has been using \$100K per year from their reserves to fill the gap and those funds are now exhausted. WLIC has hired a new CEO who specializes in fundraising. This bill provides funding and allows some time for the new CEO to get established and secure additional funding.

I appreciate the opportunity to testify this morning, and I look forward to answering any questions you may have.

## ***A Dairyman's Perspective***

### **Gary Tauchen, Dairy Producer, Wisconsin**

There is growing concern among U.S. citizens and extreme interest worldwide in maintaining a safe and secure food supply. From the producer perspective, food safety is essential because producers are in the food business. Today's consumers are demanding quality and safety in the food products they purchase.

Cheese and dairy products have a strong reputation for safety, quality, and value. The quest for improved food safety programs continues as we work to assure the safety and quality of our dairy products at every link in the marketing chain - from our farms to the consumers' table.

Identification and records are the foundation of food safety and animal health programs. A cost effective, market driven program based on a public/private partnership needs to be developed. From an industry standpoint, identification is key to a quick recovery for export in the event of introduction of a foreign animal disease.

Key information to record includes: animal, premises, time, and event

Key reasons for producer implementation include:

- Disease Control (trace back and trace through)
- Food Safety
- Management
  - genetics, health protocols
- Value-added
  - market representations can be made
  - certification of biosecurity and other practices
  - risk reduction program of quality assurance
  - differentiated products such as branded beef maintain
  - markets/preferred supplier
  - source verification

Issues to resolve include:

- Liability
- Property Rights (open records)

- Funding (who pays- how much is for the public good)
- Mandatory/ Voluntary
- Responsibilities for Audits/ Quality Certification

The key to implementation and participation in a national identification ID program will be education and communication. We need to demonstrate premiums and value-added benefits that support producer buy in.



## Luther S. Olsen

State Senator

14th District

**TO:** Assembly Committee on Agriculture

**FROM:** Senator Luther Olsen

**DATE:** February 6, 2018

**SUBJECT:** Testimony in favor of Assembly Bill 765.

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Thank you Chairman Nerison and the Assembly Committee on Agriculture for holding a hearing and allowing me to testify in favor of Assembly Bill 765.

In 2004, Wisconsin became the first state in the nation to require the registration of livestock premises. This was in response to the first known case of Bovine Spongiform Encephalopathy (BSE), or Mad Cow Disease, in the United States. This case prompted state and federal governments to establish a plan to protect against an animal disease outbreak, which could cripple an important part of our food supply.

Current law establishes a livestock premises registration program that requires anyone who keeps, houses, or co-mingles livestock to register their premises. In the case of an animal disease outbreak, the livestock premises registration program allows the Department of Agriculture, Trade, and Consumer Protection (DATCP) to efficiently trace livestock movements, find where an infection originated, and identify what animals have been exposed.

Prior to cuts in 2011, Congress had provided roughly \$1 million per year in funding. Even with those cuts, the state of Wisconsin was statutorily required to maintain this program. Rather than DATCP absorbing those responsibilities, a public-private partnership was established with a non-profit livestock producer and industry organization called Wisconsin Livestock Identification Consortium (WLIC).

Currently, WLIC program costs roughly \$350,000 per year and the state funds \$250,000 of that total. They have been using \$100,000 per year from their reserves, which are now exhausted. This bill appropriates \$100,000 in 2017-18 and \$100,000 in 2018-19 from GPR to cover that gap in order to give their new CEO, who specializes in fundraising, time to become established. It is our hope that they will be able to raise enough private money in order to cover that gap in the future.

Thank you, members. I ask for your support and would be more than happy to answer any questions.

Assembly Public Hearing  
Committee on Agriculture  
Tuesday, February 6, 2018  
Assembly Bill 765

My name is David Cooper from Sun Prairie and I'm here to register in support of the bill to increase funding for WLIC. I grew up on a dairy farm outside of Madison and graduated from UW Madison and have spent the past 28 years working in agriculture, first with a membership association, then an artificial insemination company and most recently with a milk marketing and service cooperative. I also had the pleasure several years ago to serve as a director on the WLIC board for six years and several as chairman. I come before you with a great deal of background on the value of WLIC to the industry and for what it has represented in its efforts, but I also come to you today with concern that we may lose sight of the picture before us.

The outbreak of foot-and-mouth disease in the United Kingdom in 2001 caused a crisis in British agriculture and tourism. With 2,026 cases of the disease in farms across much of the British countryside, over 6 million cows and sheep were killed in an eventually successful attempt to halt the disease. That estimated cost in U.S. dollars was \$16 billion. That is how WLIC got its start when industry leaders got together and said we could be next. After many years of federal spending earmarks, the state of Wisconsin was the model for livestock registration and animal id. The value of WLIC for the industry is that it is a neutral, non-profit and private entity that hosts the database and keeps the confidential records of more than 68,000 premises locations throughout our state. That confidentiality is highly valued by the individual livestock producers.

As you may be aware, WLIC currently administers the DATCP livestock premises registration system and the USDA livestock traceability responsibilities for the State of Wisconsin, as it pertains to record-keeping of animal identification information. This system is time tested and has proved to be of great value in a number of recent outbreaks where premise registration system data has reduced notification time and given emergency personnel more efficient work assignments. This has saved tax payers and the industry a lot of money and you only need to look back at the H5N2 avian flu outbreak of 2015 to recognize this importance.

**Why is WLIC existence important?** Wisconsin's agriculture species (Livestock as defined by DATCP) provide great opportunities and value to the State of Wisconsin. The value of exports and related job activities, along with businesses that depend on the products and services provided by these animals is significant. America's Dairyland, ranks 1<sup>st</sup> in cheese production and 4<sup>th</sup> individually in the world behind France, Germany and the United States would have a lot to lose if its state were ever quarantined because of an outbreak. So, a quick response time with efficient communication, along with industry support can go a long way in mitigating any impact a disease outbreak may cause.

In my personal opinion, premise registration is the critical foundation to a functioning system of response and communication and I'm thankful that the state has made this mandatory. But the industry has changed and livestock have more movements and social/economic along with political risks are ever present which brings me to my concern that we need to also focus on what more needs

to be done. The need for animal traceability is critical for producers, veterinarians, corporations and consumers in Wisconsin, not just for disease traceability, but also for the export market. Most countries require a robust disease traceability network in order to be an export partner. We will continue to see additional barriers put up to limit trade opportunities as the world competes for those sales if we don't recognize this importance.

WLIC is funded under contract with DATCP, currently at \$250,000 per year. WLIC also raises funds through memberships and other revenue programs and currently has 23 industry partners who support WLIC. These memberships touch a number of associations, agriculture vendors and livestock organizations, but it needs to grow considering the importance of this issue. During the development of the operating systems which were enabled by federal support which allowed the organization to provide outreach and promotion of premise along with animal identification systems, a robust and vibrant system and organization was found. Today, with no federal funding, the \$250,000 from the state does not fully fund direct operating and program expenses (including staff support to answer phones five days a week for eight hours per day, and critical, manual data entry), as well as data system upgrades needed for WLIC to maintain and operate at the speed of commerce.

The organization as far back as 2012 when funding structures changed and an industry lead task force was created and developed the "Partnership to Protect and Promote" Wisconsin proposal recognized we would be challenged to continue to provide what had become the envy of the nation. Back then three revenue sources were identified with 50% coming from the state. Because there was no requirement or desire for animal identification within the state, a significant marketing revenue source has faltered. Despite being underfunded since 2011, the WLIC has made up the difference mostly from savings, and revenues from WLIC membership dues, Fair DNA testing and Wisconsin livestock tags sales. These funding sources aren't adequate to keep the essential work of WLIC going long-term, and WLIC is on track to run out of money by 2019.

It is critical to the program and essential for the state to recognize the importance of this effort administered by the Wisconsin Department of Agriculture and Consumer Protection through its contract with WLIC to maintain a livestock premises registration system and the USDA livestock traceability responsibilities for the State of Wisconsin, as it pertains to record-keeping of animal identification information. I request that you consider and support the request for an additional \$200,000 of state funding to provide WLIC with the necessary means to update outdated equipment and support staff resources so that educational outreach may continue. In addition, it would provide WLIC and the industry a reasonable opportunity to address changing market needs and concentrate on the growing concerns that a disease outbreak would do irreparable harm to an industry that provides so much to the state. This has to be a shared concern and one that continues to be worked on.

Thank you for your consideration.

Regards,

David Cooper  
608-516-1184



February 6, 2018

To: Chairman Nerison and members of the Assembly Committee on Agriculture

From: Aaron Stauffacher, Associate Director of Government Affairs

Re: Assembly Bill 765

Thank you Chairman Nerison and members of the Assembly Committee on Agriculture for taking the time to hear testimony this morning and allowing me to voice our support of Assembly Bill 765.

My name is Aaron Stauffacher, and I serve as an associate director of government affairs for the Dairy Business Association (DBA). DBA represents dairy farmers, dairy processors, and allied businesses throughout Wisconsin. Our farm members range in size from herds with fewer than 50 cows to those with several thousand. Our dairy farms throughout the state represent just a small fraction of the tens of thousands of premises where livestock are housed and/or raised and therefore touched by the Wisconsin Livestock Identification Consortium (WLIC).

Back in the early 2000s, Wisconsin recognized the need for livestock identification after a cow was found to have a disease that would be disastrous to animal agriculture as we know it. Animal ag, particularly dairy, is the driving force behind our state's \$88 billion ag impact on our economy so it made sense for our state to be the first to implement the mandatory registration to help safeguard that impact. These registrations allow us to be able to track livestock movements and trace a source of a disease to get in front of any outbreak to control it quickly. Only a few years ago, we saw the firsthand benefits of WLIC when these registrations were used to quickly and cost effectively to identify premises surrounding an outbreak of a disease affecting our poultry industry. Luckily, Wisconsin hasn't experienced a similar outbreak of a bovine disease but if a crisis did occur, being able to control the disease as it could have a detrimental effect to the state's dairy and cattle industry would be critical to minimize the economic impact. The WLIC and DATCP relationship also is crucial in protecting the livestock industry by keeping our state's producers confidential.

In addition to the safe keeping of the premises registrations, WLIC promotes and provides for the use of individual animal tags which enhances our state's ability to track down the source of any outbreak. Animals are becoming increasingly mobile. It is becoming more common that animals are raised at several different farms from start to finish which sometimes spans across counties, the state and across state borders. Individual animal tags allow for the state to more easily identify those animal movements between farms when it is necessary. Those tags also benefit our dairy farms and the agricultural marketplace. Many of those tags are radio frequency identification (RFID) tags which can be very helpful for dairies in helping track individual cattle throughout their lifetime on a regular basis in an efficient and practical manner. With technology always moving forward, the potential for the traceability and marketability uses of RFID tags are limitless.

WLIC has also played an important role throughout Wisconsin by safeguarding the potential for outbreak by providing RFID tag and DNA sample services for many county fairs and the Wisconsin State Fair. Many young people involved in agriculture, and those not involved, view fairs as an opportunity to learn more about animal ag by raising different types livestock as a part of showing project. Through their services, WLIC helps protect the long-term viability of our fairs that our 4-H and FFA students look forward to each summer.

Thank you for your time and attention to this matter. DBA asks for your support of Assembly Bill 765. I would welcome any questions you might have.

**Testimony to Assembly Committee on Agriculture**

**January 8, 2004**

**Peter D. Giacomini**

**Cooperative Resources International**

**I am Peter Giacomini, Chief Operating Officer of AgSource Cooperative located in Verona, Wisconsin. I am here to comment today on behalf of Cooperative Resources International, the holding cooperative of AgSource, headquartered in Shawano, Wisconsin.**

**CRI is owned by 50,000 U.S. dairy and livestock producers. In addition to AgSource which provides agricultural testing services, CRI is the holding cooperative for Central Livestock Association, a livestock marketing cooperative, and Genex Cooperative, one of the largest cattle breeding organizations in the world. Our strongest investment and member base is in Wisconsin where we have over 10,000 members, 300 employees, and five physical locations in addition to an extensive marketing and service presence. CRI exports cattle semen, embryos and other products to over 60 countries around the world. We have 1,400 employees throughout North America and our revenues exceed \$100 million annually.**

**Today I will convey three basic messages:**

- 1. How one cow in the State of Washington has impacted our cooperative and our farmer members.**
- 2. The potential devastation should other outbreaks occur, and,**



**3. Why premises registration and animal identification is critically important to our cooperative and the producers we serve.**

If we were waiting for a concrete example of why we need to support premises registration and animal identification in this country the wait is over. Discovering one positive cow for BSE on December 23 illustrates why we need to upgrade the U.S. livestock ID system.

The impact of this discovery on livestock producers and on U.S. beef exports has been extensively discussed. However, the ramifications are greater when one considers its impact on organizations like ours who serve and support livestock producers, who employ thousands of people across Wisconsin, and who provide a significant means of economic strength to the State.

The impact on CRI was immediate. To Central Livestock, our greatest concern is the drop in cattle prices and the impact on profits to our members. Producer uncertainty has had an almost paralyzing affect. This week, cattle through our auction markets are 30-40 percent below normal and one scheduled auction has been cancelled.

To Genex, the primary impact has been the immediate shutdown of international markets representing millions in annual sales. To date, the borders of over 20 countries have been closed to U.S. semen and embryos. Also affected are international alliances involving the joint ownership and exportation of live bulls.

Our member board and management staff is reacting to the impact, but it has been very much a moving target. At this time we are estimating the loss in net profit to CRI from this one BSE cow will be well over a million dollars, a significant portion of our expected and normal profit margins in a year.

As much as this single cow is impacting our industry and our business, it could have been far worse. We are fortunate the farm records were able to identify from where this cow was purchased, and that it is just one cow, now found to be originally sourced from out of the country. As great as the impact of one BSE cow has been, it pales in comparison to what the outbreak a disease such as Foot and Mouth would have. In 2002, when Foot and Mouth was discovered in The Netherlands, it had a devastating impact on CR-Delta, an organization very comparable to CRI in size and scope. In a 16 week period, CR- Delta lost over \$10 million in profitability and \$15 million in cash reserves. They reduced their 1,100 employee work force by 400. In four months they lost what it took years to build and will take years to recover. Even so, the Dutch impact was far less than it was in the United Kingdom. This, in part, was attributed to the extensive ID and traceback system the Dutch had in place that allowed them to contain the outbreak much more quickly - a critical advantage with a disease that spreads so violently and rapidly. That system was also credited as the reason that BSE was far less devastating in The Netherlands when discovered there in the late '90's.

Recognizing that our current situation could be worse, it could have been much improved had a premises and animal identification system been in place:

- While we were able to eventually source this cow, it took almost a week. In that time both her stated age and country of origin changed and the confidence of both the domestic consumer and export customers was undermined. We have yet to trace the other animals that entered the U.S. from Canada with her. Yesterday it was announced that 450 calves had been killed

because the one that was her son could not be identified. We believe USDA has performed admirably under the circumstances, but the basic information that could have allowed them to react even more quickly and effectively has hampered their effectiveness.

- Many countries now have fully implemented animal ID systems with 24-48 hour traceback. This has not only reduced their risk but is emerging as a tremendous advantage in the international sale of livestock products, and in our case cattle genetics.
- As much as we would like to minimize this episode because the cow was from Canada, we cannot assume it will be the last, or treat it as an aberration. In reality, we should consider ourselves very fortunate that this is our first exposure to such an incident. We also should consider the additional impact had she been in Wisconsin rather than Washington.

Fifteen years ago I attended my first meeting where national livestock ID was discussed. Since then, the risks have escalated, the potential costs of existing without it have been more clearly demonstrated, and the necessary technology has become more affordable and available. It is very apparent that in our global agricultural community it is impossible to protect consumers and producers through the imposition of only precautionary rules and regulations. We believe it is absolutely basic to animal agriculture that an ID system must be developed to safeguard the consumer and all associated with animal production.

We believe a national ID program is vital to our business. However, animal health regulations are primarily the responsibility of individual States. We applaud the efforts of the Wisconsin Livestock Identification Consortium and this proposed legislation in advancing identification programs. Livestock production, especially dairy, is so important to the Wisconsin economy that we must be a leader in this endeavor.

On behalf of the 1,400 employees, 50,000 livestock producers and our farmer Board of Directors, we encourage appropriate legislation and action steps be put in place immediately.

Thank you.



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January 9, 2018

To: Chairman Representative Lee Nerison and members of the Assembly Committee on Agriculture

From: David Ward, Director of Government Relations and Dairy

Re: Assembly Bill 765

Thank you for the opportunity to register Cooperative Network's support for Assembly Bill 765 (AB 765) relating to the administration of the livestock premises registration program.

In 2004, legislation was passed that made Wisconsin the first state in the nation to require anyone who keeps, houses, or co-mingles livestock to register their premises. The livestock industry in 2004 thought this information would be useful in the event of a disease outbreak that could cripple Wisconsin's \$88 billion agricultural industry. Two concerns were voiced in 2004. One was this would not cost producers any money to register their premises and second, this information would be not subject to any open records request. Money was appropriated and along with federal dollars it has not cost livestock producers to register their premises. To deal with the second concern the Wisconsin Livestock Consortium (WLIC) was chosen to register premises in Wisconsin. Fast forward to 2018 and the federal dollars have disappeared but we still have the need for the program and the need to keep the information private.

Wisconsin saw firsthand the value of premises registration and WLIC in 2015 when Avian Influenza was detected in poultry flocks in Wisconsin. To combat the disease in Wisconsin DATCP estimates that it cost them \$330,000 in staff, supplies and travel costs. In Minnesota the legislature appropriated \$3.62 million the Minnesota Department of Agriculture (MDA) to combat Avian Influenza. One reason why Minnesota spent ten times more than Wisconsin is DATCP knew the premises that had birds where as in Minnesota the MDA had to go and look for them.

WLIC has saved Wisconsin money over the years and has kept the information private which is what the Wisconsin Legislature had in mind in 2004.