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Strategies LLC

Capitol Strategies, LLC

Government relations and Public Policy Consulting Firm

April 2, 2009

Senator Mark Miller, Co Chair
Joint Finance Committee
317 East, State Capitol
Madison, WI 53707

RE: Opposition to Animal Slaughter Assessment

Dear Senator Miller:

My Client Gold'n Plump Poultry is very concerned about and vehemently opposed to the livestock slaughter assessment included in the Governor's proposed budget bill. The assessment **would cost their company over \$430,000 annually**.

Gold'n Plump is the only broiler producer in the upper Midwest but only accounts for about 1% of the industry. Their major competitors are located in the south and southeast and they compete by very small margins for market share, sometimes amounting to fractions of a cent.

The nation's largest broiler producer, Pilgrim's Pride, is currently cutting jobs, closing processing plants, hatcheries and feed mills to stay competitive. Other competitors are also reducing production and taking other steps in order to regain profitability.

Gold'n Plump is struggling as well in the current economy, ending 2008 with a loss. With approximately a 30% increase in feed costs and over 30% increased utility costs, they are already at their breaking point.

Gold'n Plump had hoped to expand in the next 2 years, and **projected to add jobs and growers. They are now reconsidering this due to the budget proposal to create a per animal slaughter fee.**

This new fee (tax) would not directly benefit Gold'n Plump, yet, they would be funding 61% of the targeted \$752,000 a year the Department of Agriculture, Trade and Consumer Protection is estimating will be generated. This is not a fee that they can pass on to consumers, as their margins to compete are much too slim.

Gold'n Plump is federally inspected and already pays around \$143,000 annually for that inspection (feds pay for inspection Gold'n plump pays supplies). The state animal health division does inspect their hatchery twice a year as part of the National Poultry Improvement Plan (NPIP). That inspection takes about one hour and they currently pay \$400.00 for those two inspections.

In 2007 DATCP adopted CR 07-061 which raised fees and created a number of new fees to help fund the

animal health program. DATCP said that the new funds were needed because of budget action to substantially reduce GPR and a raid on the program fees. They also stated in the rule summary that “DATCP projects that this fee increase will stabilize animal health program staffing and funding for the foreseeable future, without further fee increases.”

In their justification for additional Animal Health Division staff, the DATCP says they are targeting greater Prevention, Detection, Control, and Eradication of the following diseases:

- **Bovine Tuberculosis** – Cattle, Deer, buffalo
- **Brucellosis**- Cattle, pigs, sheep, goats, deer, dogs, horses
- **Foot and Mouth Disease**- Cattle, sheep, pigs, goats, deer
- **Chronic Wasting Disease** in wild and farm raised deer and elk
- **Foreign Animal Disease** such as **Monkeypox**- Prairie dogs, rats
- **Avian Influenza** – poultry (**chickens, turkeys, geese, ducks, guinea fowl, and squab**) captive game birds (**pheasants, quail, wild turkeys, migratory wildfowl, pigeons, and exotic birds.**)
- **Fish Health**

Only one of these diseases affect poultry, avian influenza, and Wisconsin has not seen any incidence of that disease since 1968. There has been extensive testing done all over the country and there have not been any avian influenza concerns in this country. Gold’n Plump also tests all birds for avian influenza prior to slaughter and the USDA has inspectors on sight that inspect every bird that goes through their plant.

Gold’n Plump already has a very large financial investment in the health of their chickens (see attached sheet):

- **They blood test every flock 9 times during its lifetime**
- **They blood test every broiler flock for Avian Influenza before it is processed**
- **They do annual bio-security training for all of their staff and growers**
- **They conduct annual bio-security audits to ensure their training is implemented**

Gold’n Plump also voluntarily spends \$1.4 million annually in disease prevention, being very aggressive in education and bio-security and working with their staff and growers. This 1.4 million consists of Laboratory blood testing, staffing, personal protective equipment (PPE), and sanitation supplies.

Gold’n Plump prides itself as the highest quality chicken on the market and they go to great lengths to protect their growers, staff, and their chickens. They take no shortcuts! Their existence as a branded business depends on it!!

While Gold’n Plump is very supportive of the goal to prevent, detect, control and eradicate livestock diseases, we cannot stress to you strongly enough that there needs to be a more equitable and broad based source of funding if in fact more resources are needed by the DATCP.

Like the state, Gold’n Plump’s budget is not only tight, but in deficit and they cannot handle additional costs to operate.

Currently, there are 60,765 registered premises that have livestock in the state, (15,514 of those have poultry), yet only a handful of companies are being asked to pay the bill for the entire industry or livestock group. **Gold’n Plump and its growers** account for only 150 of those premises, **two tenths of a percent of the livestock industry**, but again are **being asked to pay over 60% of the proposed funding**.

The Division of Animal Health's goals are to protect ALL the States' animals as well as consumers' and insure confidence in our food supply. It is also to protect people from diseases that can be transferred from animals to humans. Therefore, if indeed additional staffing is needed to do that, then ALL THOSE THAT BENEFIT should have to pay not just 130 companies.

We urge you to please be very thoughtful in considering this budget proposal and the far reaching ramifications it could have to the slaughter companies, their employees, local economies and the state's meat processing infrastructure that farmers depend on.

The funding for the state meat inspection positions and the funding for animal health positions should come from general purpose revenues. The needs of many should not be funded on the back of a few.

In drafting his budget the governor asked all state agencies to cut spending, transfer money from segregated accounts with positive balances and no new GPR spending, yet in a time when the private sector is also experiencing budget shortfalls, and increased costs to do business, they are being asked to keep paying more, the bottom line is Gold'n Plump just doesn't have it.

Please do not hesitate to contact me if you have any questions or would like to discuss this issue further. We would welcome the dialogue.

Best regards,

Amy Winters, President

Enc. 597 letters from Gold'n Plump growers, employees, community officials, business allies and friends