

STATE OF MICHIGAN COMMISSION OF AGRICULTURE MEETING MINUTES

October 1996

CALL TO ORDER:

Chairperson Shirley A. Skogman called the Michigan Commission of Agriculture (MCA) meeting to order at 3:30 p.m., October 10, 1996. Meeting was held in the Pavilion for Agriculture and Livestock Education, Michigan State University (MSU), East Lansing, Michigan. Commission Secretary Douglas E. Darling called roll.

COMMISSIONERS PRESENT:

Shirley A. Skogman, Chairperson
David Crumbaugh
Norman R. Veliquette, Vice Chairperson
Jordan B. Tatter
Douglas E. Darling, Secretary

Michigan Department of Agriculture (MDA) Staff Present (during portions of the afternoon):

Daniel J. Wyant, Director
Carol Carlson, Financial Program Regulations Manager, Financial Services Division
Robert G. Craig, Director, Agriculture Policy and Special Projects
Jon Hartig, Horse Racing Analyst, Financial Services Division
Dr. David Skjaerlund, Executive Director, Rural Development Council of Michigan
Vicki Pontz-Teachout, Director, Office of Legislative Liaison
Gordon Wenk, Resource Specialist, Farmland Services Division
Nelson W. Westrin, Racing Commissioner
Jean Valley, Executive Secretary to the Commission

Legal Counsel:

Jann Ryan Baugh, Assistant Attorney General

Others Present (during portions of the afternoon):

Brad Deacon, Project Coordinator for Agriculture, Governor's Office
Carl W. Field, Michigan Horse Council
Jerry Griffin, House Fiscal Agency
Richard Harlow, Michigan Department of Natural Resources (DNR)
Fred Henningsen, St. Joseph County Grange Fair
Mike Kelly, Michigan Association of Fairs and Exhibitions (MAFE) and Northern Michigan Fairs

and Racing Association (NMFRA)

Bobbie and Sara Lemon, Lansing

Floyd Loudenslager, St. Joseph County Fair

Ron Nelson, Michigan Farm Bureau (MFB)

Donald W. Nugent, MSU Board of Trustees

Pat Ruta-Stuber, Coordinator of Envirothon Programs, Michigan Association of Conservation Districts (MACD)

Maggie Ryan, Leland Public Schools

Jim Stacey, USDA Natural Resources Conservation Service (NRCS)

Rodney Stokes, DNR Real Estate Division

Tom Wessels, Leland Public Schools

Jessica White, Leland Public Schools

Lynn and Rainey Zeits, Leland Public Schools

APPROVAL OF AGENDA: There was consensus to approve the agenda as presented.

APPROVAL OF MINUTES: Commissioner Crumbaugh moved that minutes for the September 10-11, 1996, Commission of Agriculture meeting be approved. (Seconded)

MOTION: Motion carried unanimously.

NEXT MEETING:

The next regular meeting of the Michigan Commission of Agriculture will be held November 7-8, 1996, in the Dean M. Pridgeon Room, MDA, Ottawa State Office Building, Lansing, Michigan.

COMMISSIONERS' PER DIEM AND TRAVEL EXPENSES:

Commissioner Crumbaugh moved that per diem and travel expenses be approved

for the following MCA-related activities:

- August 28, 1996--Drain Hearing, Livonia: Commissioner Douglas E. Darling;
- September 16-17, 1996--Red Tart Cherry Forum, Rothbury: Commissioner Norman R. Veliquette;
- September 23, 1996--Michigan Association of Conservation Districts Employees/Officers Tour of Grass River Natural Area, Bellaire: Commissioner Norman R. Veliquette;
- October 2, 1996--MDA 75th Anniversary and Dr. Guyer's Retirement Reception, Lansing: Commissioners David Crumbaugh, Douglas E. Darling, Shirley A. Skogman, Jordan B. Tatter, and Norman R. Veliquette; and
- October 7, 1996--MDA 75th Anniversary Employee Dinner, East Lansing: Commissioner David Crumbaugh.

MOTION:

(Seconded) **Motion carried unanimously.**

COMMISSION RESOLUTION:

Commissioner Veliquette moved that the resolution honoring Sharon Moore-Green (Attachment A) upon her retirement from the MDA Food Division on November 1, 1996, be adopted.

MOTION: (Seconded) **Motion carried unanimously.**

PUBLIC COMMENTS:

Donald W. Nugent, member of the MSU Board of Trustees, welcomed the Commission to MSU's new Pavilion. He congratulated Mr. Wyant on his appointment as director and commended MCA for its selection of Mr. Wyant.

Mr. Nugent reported the proposed MSU fiscal year (FY) 1996-97 budget includes Project GREEN. When this request is presented to the Governor and Legislature, the University will appreciate MCA's, MDA's, and the agriculture industry's support for the program. He said there is more on-campus construction under way now than since President Hannah's years (new buildings for the Ag Initiative and law school and numerous remodeling projects).

Commissioner Darling expressed appreciation for MSU President McPherson's participation in the Monroe County 4-H program on October 8.

COMMISSIONERS' COMMENTS:

Commissioner Crumbaugh commended MDA staff on the excellent retirement event for Dr. Gordon Guyer. He also recognized Mr. Wyant for the smooth change of command and the leadership he has provided since his appointment began.

Dry beans in Gratiot County are in excellent condition; some growers of cranberry and light red kidney beans are grossing more from their crop than what farms were selling for a few years ago.

Sugar beet harvest will begin on October 15; it will be a short crop and quality will not be as good as usual.

Commissioner Darling concurred with comments about the Guyer retirement and industry reception.

Harvest in Monroe County has begun. Test weights for corn are low, moisture is high, and yields are disappointing (70-120 bushels per acre from fields that normally yield 150+ bushels per acre). Soybean yields are at least one-third less than usual, ranging from the low 40s to less than 20 bushels per acre.

Commissioner Darling plans to attend the county Farm Bureau Annual Meeting later in October; proposed 1997 policies will be discussed.

He reported funding for high school ag-science programs has been reduced significantly. In the past Michigan Department of Education (MDOE) gave a priority ranking to vocational agriculture programs which provided more funds (about \$1.35 million). This year MDOE

lowered ag-science and agriculture programs from a priority ranking of 12 or 15 to 28 based on data from the Michigan Jobs Commission and placement surveys, and funds will be will be discretionary (not earmarked for ag-science). Only on-farm jobs (110,000) were identified which does not include ag engineers, biochemists, genetic engineers, chemists, marketers, processors, and transportation jobs related and essential to the ag industry. Some programs may not be affected; however, approximately 20 to 30 percent may be in a questionable position. Dean Fred Poston (MSU) and Jack Laurie (MFB) met with the State Board of Education to emphasize the importance of agriculture education and ag-science programs.

As the search and selection process begins for a director of MSU-Extension, Commissioner Darling expressed hope that consideration will be given to 4-H programs and their importance and success in the past.

Mr. Wyant reported he and Vicki Pontz-Teachout will meet during the week of October 14 with Dean Poston, Mr. Laurie, and others about agri-science/ agriculture education program funding.

Commissioner Veliquette reported on the MACD tour of the Grass River Natural Area in Antrim County. Project was initiated by environmentalists; area has been left in a "natural" state for a period of time. It is noted, now, that without management there has been uncontrolled growth of certain species that are choking out many attractive species, and the area is becoming too dense for wildlife. While on the tour, he learned that beavers are becoming a nuisance in Antrim County and the Upper Peninsula (U.P.).

Antrim County will host the 1997 Envirothon; competition will be held in the Grass River Natural Area.

Commissioner Veliquette invited the MCA to hold its July 1977 meeting in northwest Michigan. He suggested the meeting be during the week of July 7 to coincide with the National Cherry Festival.

While driving to this meeting, he noted a number of truckloads of sugar beets headed north and filling stations along the route are stocked with carrots, corn, and beets. He commented on the paradox this creates--growing these products provides income for some, but the products end up as food for a much too large deer herd.

The apple crop is short and prices are high for fresh apples. Michigan processors will have difficulty getting enough apples this year.

Commissioner Veliquette thanked MDA and Dr. Guyer for organizing the Red Tart Cherry Forum in Rothbury. The forum reinitiated discussions which were timely due to the recent federal marketing order and upcoming selection of a board.

Commissioner Tatter reported on meetings, discussions, and events in which he participated including:

- Allegan County Fair which does an outstanding job showcasing Michigan agriculture;
- Neogen Corporation meeting at which a kit-form, rapid tests for plant disease diagnosis and bacteriological determinations in food processing and food receiving facilities were discussed;

- Tart Cherry Forum (Rothbury) kindled a spirit of cooperation and sense of direction for the cherry industry;
- Discussion of Michigan agriculture, MDA, and MSU-E with Dr. Ian Gray, MSU Agriculture Experiment Station Director;
- Michigan Environmental and Economic Roundtable Meeting at Kellogg Center. Land-use planning in Michigan is a growing focus of this group and a consensus is forthcoming;
- Berrien-Cass-VanBuren Work Force Development Board Meeting (Commissioner Tatter is treasurer of the board). Impact of recent food processing closures in the tricounty area is a concern and is being dealt with as it applies to people who have lost jobs;
- Special 75th MDA Anniversary and Dr. Guyer's retirement event. This was an outpouring of appreciation of the Director's commitment to Michigan and our state, national, and world educational programs; and
- National Frozen Food Convention in Washington, D.C. Theme was "wringing out costs" at all points in the food chain.

Yields for southwest Michigan crops, especially apples, are subpar; concord grape harvest is one-third completed and a severe frost tonight, as predicted, will be a major setback to quality and yield. For the first time, Hanson Cold Storage projects one-half its apple cooler and controlled atmosphere space will be empty this year.

Since the September 9 cranberry tour, development of a viable cranberry industry in Michigan has been restrained by state agency red tape and legal pitfalls. If this is not resolved quickly, the industry in Michigan will be derailed in its infancy and an opportunity for production agriculture, food processing, and employment will be lost.

Commissioner Skogman also expressed appreciation to the department for its excellent 75th Anniversary Program and retirement reception for Dr. Guyer.

She is pleased with Mr. Wyant's leadership and knows MDA will continue to move forward and remain the best department in state government--always serving the people to the best of its ability.

Harvest at Skogman Farms and other U.P. potato farms is drawing to a close; quality is good. The U.P. potato crop was down this year and on the small side which is good for the seed market but not the tabletop market.

An unfortunate accident occurred to a farmer moving equipment on a highway. A truckdriver became impatient and pulled out to pass. To avoid hitting an oncoming van, the truckdriver hit and demolished the harvester; fortunately, no one was hurt. Farmer was not found at fault because he had appropriate lights operating and slow-moving vehicle signs affixed.

She reported neighbors sold cabbage and rutabagas for deer feed earlier than usual this year; there seems to be an endless market for deer feed. Something must be done about deer damage to crops (farmers' livelihood). She emphasized discussions held recently are excellent, but a solution must be found. MDA must be involved in finding a solution acceptable to a wide variety of interests--sportsmen, farmers, neighbors, and DNR. Commissioner Skogman believes Representative Llewellyn's proposal is a point of beginning, particularly the early deer

season concept; however, she does not believe a township supervisor is the appropriate person to determine crop damage and suggested the county extension agent would be more qualified to do this. If DNR decides that fencing is a possibility, Commissioner Skogman volunteers her property for a pilot project.

NRCS:

James Stacey, NRCS acting conservationist, welcomed Mr. Wyant to the MDA-NRCS partnership. He reported State Conservationist Carole Jett was transferred to Washington, D.C., and is now head of the NRCS Soil Survey and Natural Resources Inventory Program. Mr. Stacey anticipates a state conservationist for Michigan will be named in December.

Mr. Stacey provided an update on emergency work related to spring flooding, the Wetland Reserve and Conservation Reserve programs, private sector technical assistance to livestock operations for manure management, status of the 1996 Farm Bill program, and farmland protection. Attachment B is a summary of his comments.

P.A. 116:

MCA, in conjunction with the Natural Resources Commission (NRC), will approve the process to purchase development rights (PDR) on agricultural lands with P.A. 116 funds.

Director Wyant introduced **Rich Harlow and Rodney Stokes, DNR**. Mr. Harlow distributed and reviewed a briefing paper (copy on file in the MCA office) on PDR. which addresses statute provisions, method to establish price paid for development rights, scoring system, application process, acquisition status maps, metropolitan statistical areas, and program summary.

It was recommended a \$5,000 per acre cap be established with a caveat that a higher amount can be allowed for specific parcels if approved by NRC and MCA. It is anticipated the proposed process will be reviewed annually by both commissions.

Proposed per acre cap, previous payments for development rights, and anticipated annual expenditures from the fund were discussed.

Dr. Skjaerlund reported a request for approval of the scoring system will be presented to MCA during its November meeting. It is anticipated the first application deadline will be April 1, 1997 (a 90-day window of application is required by statute). Scoring and recommendations by the PDR committee can be expected during the summer followed by legislative action to appropriate funding. Actual purchase of development rights probably will not occur before fall 1997 or early in 1998. DNR will coordinate meetings, announce application period, and assist applicants with applications.

Dr. Skjaerlund requested the Commission review the draft PDR Scoring System and call him with questions and comments. He reviewed criteria, preliminary information regarding signoff by landowner and local governing body, and the scoring system.

Director Wyant commended the joint effort of DNR and MDA in preparing the proposal and encouraged the Commissioners to review and submit comments.

Mr. Stokes reported the NRC has received the proposal for review and will take action on it at

its November meeting. He commended Dr. Skjaerlund, Mr. Harlow, and the others on the committee for their excellent work in developing the proposal. The only concern NRC raised dealt with the number of points given for development pressure. NRC felt the number should be equal to ag land; however, the law requires agriculture land to have the higher criteria.

AGRICULTURAL ECONOMICS:

Drs. Scott Swinton and John (Jake) Ferris, MSU, had been invited to discuss economic benefits of soil testing (increased production and subsequent profits) and increased visibility of agriculture in Michigan through value-added processing (economic pyramid).

Dr. Swinton distributed and reviewed information entitled "Economics of Crop Nutrient Testing" (Attachment C). In addition to economic profitability related to soil testing and agronomically applying fertilizer, there are significant environmental benefits; e.g., improved water quality, when applications of manure and other fertilizers are monitored and can be decreased.

Earlier in the year a survey was conducted to receive farmers' thoughts about investment in site-specific crop management (precision agriculture). Many responded that yield monitoring provides a better understanding of fields and an opportunity to learn.

Attachment D is Dr. Ferris's statement to the Commission which addresses potential for adding value to Michigan farm products.

With an ability to show economic benefits of value-added processing, Commissioner Crumbaugh reiterated his question: How can we convince government that tax abatements and other incentives that attract processing plants to an area generate more in future economic gain (increased tax receipts and employee purchases) than the amount of abatement/incentives? He suggest-ed a study is needed on crops not grown in Michigan to determine if they can be economically produced here along with an in-depth study of what additional agricultural processing can be done in Michigan.

OFFICE OF RACING COMMISSIONER (ORC):

Nelson Westrin distributed copies of P.A. 279 of 1995, Racing Law (copy on file in the Commission office). Section 20 of the law establishes a number of programs to promote growth and development of the equine agriculture industry in Michigan and mandates the Director promulgate rules to implement and administer these programs. The Racing Commissioner also is directed (Section 7 of the act) to promulgate rules to implement, administer, and enforce the law as it relates to parimutuel horseracing.

ORC currently operates under rules promulgated under the former law and in many cases these are inadequate or outmoded and do not allow proper implementation and administration of provisions in the new law. Efforts are being made to receive input from all segments of the industry to promote consensus on the rules.

Mr. Westrin requested Commission approval and authorization to begin the formal process of rule promulgation required by the new law. Director Wyant supports the request.

MOTION:

Commissioner Crumbaugh moved that the Office of Racing Commissioner and Director of Michigan Department of Agriculture be authorized to promulgate or amend rules as follows:

- Authorize promulgation of rules to implement the Racing Law of 1995;
- Amend MDA Rule 821 to permit Sire Stake Races for four- and five-year-old Thoroughbreds;
- Promulgate a new Rule 823 to govern the Director's allocation of state purse supplements for races at harness parimutuel tracks and fairs; and
- Promulgate new rules for the Racing Commissioner.

(Seconded) **Motion carried unanimously.**

Director Wyant introduced Mike Kelly, MAFE and NMFRA. Mr. Kelly expressed MAFE's and NMFRA's support of Mr. Wyant's appointment and said he looks forward to working with him.

ENVIROTHON:

Gordon Wenk introduced Tom Wessels, Leland Public School Envirothon Team advisor, and Pat Ruta-Stuber, MACD Envirothon Coordinator. Mr. Wessels introduced Maggie Ryan and Lynn Zeits, members of Michigan's 1996 winning team, and Rainey Zeits and Jessica White, members of the 1997 Leland Public School team. Michigan's second- and third-place teams were from Leelanau and Tuscola counties, respectively.

This program is a partnership with Consumers Power, Detroit Edison, Michigan United Conservation Clubs, MFB, MACD, and MDA. Environmental Quality, Inc., will be one of the 1997 sponsors. A new component, Community Action Projects was added for 1997 (students will work in communities to improve environment, increase knowledge about farmland preservation, etc.).

Ms. Ruta-Stuber thanked Mr. Wenk, MDA, and MCA for their support and reported Michigan leads other states in its role with the Envirothon program; e.g., it was the first state to take an ecosystem approach, study the interrelatedness of factors, and look at agriculture and energy use as part of the environmental analysis system. Participants are enthusiastic and committed; significant time is donated (volunteers) by sponsoring agencies, teachers, and parents.

Misses Ryan and Zeits described the national competition process which includes written examinations and oral presentations.

Mr. Wenk announced the 1998 National Envirothon competition will be held at MSU and will provide opportunity to showcase innovative changes MDA has made in the program with addition of the agriculture-energy component, review of ecosystems, and community outreach.

This year, 34 of the 52 Michigan teams that signed up participated in the competition; nationally, 35 states were represented.

COMMISSION RECEPTION:

There was consensus to have a holiday reception and the secretary was asked to coordinate this with another event to which the Commission is invited.

ADJOURNMENT AND RECONVENE:

Chairperson Skogman adjourned the first session of the October MDA meeting at 5:50 p.m. Prior to calling the MCA meeting to order on October 11, the Commissioners, MDA staff, and other guests toured the new MSU Pavilion for Agriculture and Livestock Education. Chairperson Skogman called the second session of the meeting to order at 9:05 a.m., October 11, 1996.

COMMISSIONERS

PRESENT:

Shirley A. Skogman, Chairperson
David Crumbaugh
Norman R. Veliquette, Vice Chairperson
Jordan B. Tatter
Douglas E. Darling, Secretary

MDA Staff Present (during portions of the day):

Daniel J. Wyant, Director
Keith E. Creagh, Deputy Director
Dr. H. Michael Chaddock, State Veterinarian
David Charney, Communications and Emergency Management Division
Robert G. Craig, Director, Agriculture Policy and Special Projects
Katherine Fedder, Director, Market Development Division
Dr. Nancy Frank, Animal Industry Division
Dr. Larry Granger, Animal Industry Division
Robert Kaczorowski, Director, Human Resources Division
William Lascher, Farmland Services Division
Christine Lietzau, Director, Farmland Services Division
Patrick Mercer, Food Division
Jody Pollok, Market Development Division
Kenneth Rauscher, Director, Pesticide and Plant Pest Management Division (PPPM)
Vicki Pontz-Teachout, Director, Office of Legislative Liaison
Dr. Kurt Thelen, Right to Farm Program, PPPM
Thomas Whalen, Director, Dairy Division
Wayne Whitman, Right to Farm Program, PPPM
Jean Valley, Executive Secretary to the Commission

Legal Counsel:

Jann Ryan Baugh, Assistant Attorney General

Others Present (during portions of the day):

Bob Boehm, MFB

Brad Deacon, Project Coordinator for Agriculture, Governor's Office

Dr. Maynard Hogberg, MSU

Elwood Kirkpatrick, Michigan Milk Producers Association

Bill Knudson, Senate Majority Policy Office

Ben Kudwa, Michigan Potato Industry Commission

Diane McCormick, Livingston County Health Department

Dr. Charles Nelson, Department of Park, Recreation and Tourism Resources, MSU

Ron Nelson, MFB

Phyllis Reed, Chief, Pesticides & Toxics Branch, Office of Pesticide Programs, US-EPA

Arnold Rich, Senate Fiscal Agency

Rodney Stokes, DNR

John Ward, Chief, Pesticide Program Section, Office of Pesticide Programs,

US-EPA

Virginia Zeeb, Bath, Michigan

DIRECTOR'S REPORT:

Attachment E is the written Director's Report.

Director Wyant introduced Arnie Rich (Senate Fiscal Agency), Brad Deacon (Executive Office), Bill Knudson (Agriculture Policy Advisor for the Senate), Virginia Zeeb (formerly a member of former State Senator Nick Smith's staff), and Ron Nelson (MFB).

Mr. Wyant reported on his activities during the transition period and since he officially became Director of MDA including: National Association of State Departments of Agriculture Annual Meeting; Food Quality Protection Act (see letter included in Attachment E); reinstatement of funding for Pesticide Data Program (see letter included in Attachment E); and meetings he had with Governor Engler, potato growers (data included in Attachment E), MDA employees and division directors, DNR Director K. Cool, Department of Environmental Quality (DEQ) Director Russell Harding, Michigan Department of Transportation (M-DOT) Director Robert Welke, MSU College of Agriculture, and Natural Resources leadership, and MFB. Attachment E includes a summary of his comments.

Referring to the written Director's Report, Commissioner Tatter asked:

- **Food Division Report (page 4)**--What is reason for the variation in the number of retail gas stations licensed in 1995 (3,539) and in 1994 (5,497) and 1996 (5,410)? Mr. Creagh reported stations were closed to remove leaking tanks, repair or install tanks and leak-detection systems to meet rules, and remodel to remain competitive in their type of sales. Stations are being reopened and relicensed; at present there are approximately the same number of stations as there were in 1994. Interestingly, gasoline sales during that period did not decline.

- **Laboratory Division Report (page 5)**--Report states one animal in 10 tested for anaplasmosis was positive and one in 35 was positive for bluetongue. Is this selective testing where a problem may have been identified? This will be checked and the Commission informed.
- **Market Development Division (page 7)**--Regarding trade leads forwarded to Michigan food companies: What followup is made on the leads forwarded? Should there be a tally of leads that result in sales? Do companies need additional information? What is happening to the leads? There was consensus that these were appropriate questions and the Commission will be provided answers.

Director Wyant asked if the Commission wished to have the written Director's Report continued. There was consensus this is a useful and informative report and the Commission wished to receive it.

FY 1996-97 Grants to Soil Conservation Districts. Christine Lietzau and her staff met with MACD State Council and MACD District Employees Association to discuss the allocation formula for grants. It was agreed to continue the existing distribution formula. Mr. Creagh explained the categories and presented the following proposal for distribution of grants and restricted revenue funds:

Total available funds: \$1,400,000.

Recommended allocations:

Continue ongoing Forest Program \$690,000.

Directors' and staff training program 85,000.

Operation grants to Soil Conservation Districts 625,000.

(\$7,911 per operations grant)

Summary of General Fund/General Purpose Appropriation:

Forestry (ongoing) Includes \$300,000 transferred from DNR to MDA to hire additional foresters.
\$690,000.

Directors/staff training program 85,000.

Operating grants 625,000.

Restricted Revenues--Oil Overcharge:

Available energy funds \$213,100.

Funding will be made available for special energy-related projects to develop new partnerships that foster significant change in use of energy by agriculture and forestry at the local level.

MOTION:

Commissioner Tatter moved that proposed FY 1996-97 grant allocations for Soil Conservation Districts be approved. (Seconded) **Motion carried unanimously.**

US-EPA/REGION V:

Phyllis Reed, Chief, Pesticide & Toxics Branch, and John Ward, Chief, Pesticide Program Section. Mr. Ward reviewed the relationship and cooperative agreements between EPA and MDA for training (regulators, inspectors and educators), enforcement/compliance grants, protection of groundwater from pesticides, endangered species, Clean Sweep Program, methyl parathion incident, Michigan's generic state management plan for protection of groundwater, ground-water rules and state chemical-specific plans for protection of groundwater, impacts and requirements of the Food Quality Protection Act, funding received for the Safe Drinking Water Act, Food Quality Protection Act, Section 18 tolerance requirements, and restoration of funds for the Pesticide Data Program. The day-to-day relationship between MDA and EPA Region V has been very good. EPA appreciates MDA's support of priorities established by EPA Region V and Headquarters (program and enforcement).

Ms. Reed discussed the new relationship developing among senior level leadership (agricultural department directors) of states in the region with EPA Region V leadership; cooperative efforts to maintain and improve resources MDA manages; and development of closer relationships with USDA (particularly in areas of resource protection elements in the 1990 and 1996 Farm Bills). To help EPA identify and prioritize activities in which MDA and EPA should be involved, an Agriculture Work Group was formed to determine what EPA's role is, should be, and could be. She requested MDA provide perspectives in this area.

Attachment F contains Mr. Ward's and Ms. Reed's statements.

Commissioner Tatter pointed out that minor crops make up the majority of Michigan's agricultural production and EPA's ability to work closely with MDA on special pesticides for use on these crops is critical.

Director Wyant and the Commission expressed appreciation for Ms. Reid's and Mr. Ward's visit to Michigan and their reports.

RECESS AND RECONVENE:

Chairperson Skogman recessed the meeting at 10:38 a.m. and reconvened it at 10:47 a.m.

LEGISLATIVE REPORT:

Attachment G is the October 1996 Department of Agriculture Bill Status Report.

Vicki Pontz-Teachout provided additional information on the following bills:

- **H.B. 5404--Natural Resources and Environmental Act**, allowing application of wood ash for agricultural and silvicultural purposes, was signed by the Governor.
- **H.B. 6071** requests DEQ promulgate rules for land application of sewage sludge and incorporate EPA standards. Bill went to second reading in the House and is anticipated to go through the Senate during the lame duck session.
- **H.B. 6150--Amendments to Drain Code**, was introduced and referred to the Committee on Agriculture and Forestry. MDA will meet with interest groups on October 16 to begin consensus building on changes proposed. Included in Attachment G is a summary of the

Michigan Association of County Drain Commissioners' recommended changes to the Drain Code. Ms. Pontz-Teachout reviewed changes related to jurisdictions, maintenance, special assessment exemptions for public and state-owned lands, and watershed management.

- **S.B. 1158, 1159, 1160, 1161, and 1162--Migrant Housing.** The pro-posed amendments will clarify difference between a landlord-tenant relationship and an employer-employee relationship. Bills were introduced at the request of MFB. There will be an effort to get these bills through during the lame duck session.
- **S.B. 1175, Groundwater.** MDA would like to see this bill moved this fall, also. Bill will ensure that if a farmer voluntarily does a farmstead assessment, results of water tests involved will be considered confidential and exempt from the Freedom of Information Act.

Boilerplate language in 1997 budget bills for MDA and seven other state departments provides that a joint, bipartisan, House and Senate work group be formed to study performance measures and outcomes for various departments of state government. Work group met; four program areas were selected (food sanitation, dairy, gypsy moth, and groundwater/Clean Sweep) to study and provide outcomes (dollar value state received for money invested in a program). Objective is to have the budget process based on those outcomes in the future.

MDA has begun to develop priorities for the 1997 legislative session.

RIGHT-TO-FARM COMPLAINTS:

PPPM, Right to Farm Issue. Balfour Farm Complaint: In accordance with the memorandum of understanding between DEQ and MDA, MCA was informed that David Balfour, 1830 Caldwell Road, Imlay City, Michigan, had not taken action to resolve a complaint about uncontrolled access of livestock to a stream. Wayne Whitman reviewed the history of the complaint; numerous visits and phone calls were made to Mr. Balfour offering assistance and encouraging voluntary resolution of the problem. A certified letter from the Commission urging voluntary resolution of problem was mailed in mid-September. Delivery was attempted on three occasions; Mr. Balfour did not sign so letter was returned.

Mr. Whitman requested MCA authorize MDA to transfer the complaint to DEQ; Director Wyant supports request.

MOTION:

Commissioner Tatter moved to authorize MDA to transfer the Balfour Farm Complaint regarding unlimited access of livestock to a stream to the Michigan Department of Environmental Quality in accordance with the law. (Seconded) **Motion carried unanimously.**

Included in Attachment H are copies of the letter transferring the Balfour farm complaint to DEQ and notifying Mr. Balfour of this transfer.

George Weedall Farm Complaint: Mr. Whitman reviewed the history of a complaint from DEQ about uncontrolled access of livestock (buffalo) to a drain in Allegan County that outlets into Fenner Lake. Efforts were made by MDA to assist and encourage Mr. Weedall to voluntarily resolve the complaint. No plan has been received and no effort made to restrict livestock

access to the drain.

Mr. Whitman requested MCA authorize MDA to transfer the Weedall Farm complaint to DEQ; Director Wyant supports the request.

MOTION:

Commissioner Veliquette moved to authorize MDA to transfer the George Weedall Farm complaint regarding unlimited access of livestock to Lake Sixteen Outlet in Allegan County to the Michigan Department of Environmental Quality in accordance with the law. (Seconded)

Motion carried unanimously.

Attachment I is copies of a letter to Mr. Weedall requesting voluntary resolution of the complaint and a letter informing DEQ that no action has been taken on complaint at this time.

Right to Farm Brochure. The Right to Farm brochure is being updated to include information on new practices for care of farm animals and cranberry production. The proposed brochure was submitted for Commission review (Attachment J).

MOTION:

Commissioner Tatter moved to approve printing and distribution of the revised Right to Farm brochure. (Seconded) **Motion carried unanimously.**

STUDY OF WHITE-TAILED DEER:

Dr. Charles M. Nelson, MSU Department of Park, Recreation & Tourism Resources, had been invited to review his report entitled "Characteristics, Attitudes, Preferences and Behaviors of Private, Non-Industrial Southern Michigan Landowners of \geq 10 Acres Concerning White-Tailed Deer." A copy of the report is on file in the MCA office. Dr. Nelson reviewed the report; Attachment K is an overview of his comments.

Report has been shared with DNR Wildlife Division and discussed with DNR director; however, it has not been presented to the NRC.

RECESS AND RECONVENE:

Chairperson Skogman recessed the meeting at 11:58 a.m. and reconvened it at 1:07 p.m.

1997 MEETING SCHEDULE:

Commissioners suggested dates and locations for 1997 Commission meetings; schedule will be considered at the November MCA meeting.

AMENDMENT OF AGENDA:

There was consensus to amend the agenda and hear Animal Industry Division reports at this time.

ANIMAL INDUSTRY DIVISION:

TB in Deer in Northeastern Michigan. Dr. H. Michael Chaddock updated the Commission on the investigation of TB in deer and the USDA risk assessment report, "Assessing the Risks Associated with *M. bovis* in Michigan Free-Ranging White-Tailed Deer," issued in late September (copy on file in the MCA office). Attachment L is a copy of the Executive Summary of this report and a summary of the chronology and history of surveillance activities in northeastern Michigan and findings and recommendations identified in the risk assessment document. A brochure, "Tuberculosis in White-tailed Deer in Michigan," has been printed and is being distributed (copy on file in MCA office).

Rabies Report. Dr. Nancy Frank reported on rabies in Michigan, the progression of the rabies epidemic in eastern U.S. and Texas, concerns, and possible strategies.

Attachment L is a summary of Drs. Chaddock's and Frank's reports.

Commissioner Tatter expressed a concern that dog-wolf crosses are not required by law to be vaccinated with the dog vaccine and stated the law should be changed to require rabies vaccinations for dog crosses.

DIRECTOR'S REPORT (continued):

Regarding question raised earlier in the meeting about the increased number of positive tests for anaplasmosis and bluetongue, Dr. Chaddock explained the incidence reported actually is very low. Tests are on animals being sold into Canada; animals are not clinically sick but carry antibody titers. Canada requires a totally negative antibody level. These also could be results of tests on animals coming from out of state.

MARKET DEVELOPMENT DIVISION:

Grown-in-Michigan Grants. Katherine Fedder reported the Legislature provided \$100,000 for FY 1996-97 Grown-in-Michigan Grant Program. Attachment M is information about the program, a listing of grant proposals and recommended amounts, and descriptions of proposals. Ms. Fedder introduced Jody Pollok, program manager, who reviewed the selection process and requested Commission approval of the proposed grants. Director Wyant supports the request.

MOTION:

Commissioner Veliquette moved that the proposed FY 1996-97 Grown-in-Michigan Grants (see Attachment M) be approved. (Seconded) **Motion carried unanimously.**

U.P. State Fair Storage Rental Rate Schedule for FY 1996-97. Ms. Fedder, upon request of Fair Manager Richard Ostrander, submitted the FY 1996-97 storage rental rate schedule for Commission approval (Attachment N). Rentals generated approximately \$26,000 during previous fiscal year; increase should generate an additional \$4,000-5,000. Fees are comparable to those for private storage areas. Rental contract requires persons to carry insurance and contains a hold-harmless clause relieving the state and U.P. State Fair of liability. The U.P. State Fair Board approved the proposed schedule on September 5, 1996. Director Wyant supports approval of the proposed storage rental rate schedule.

MOTION:

Commissioner Tatter moved the proposed 1996-97 U.P. State Fair storage rental rate schedule (Attachment N) be approved. (Seconded) **Motion carried unanimously.**

Purchase of Properties Adjacent to U.P. State Fairgrounds. Chairperson Skogman asked if money was allocated to purchase the properties adjacent to the fairgrounds. Ms. Fedder reported \$230,000 is in the 1996-97 U.P. State Fair budget for this purpose. MDA is working with Department of Management and Budget (DMB) on the appraisal and environmental study which will require several months to conduct. There is no guarantee of purchase; fair has an option to purchase one parcel, but purchase of the other land must be negotiated with owner. The barn was transferred to MDA in the Capital Outlay Bill.

Question on Trade Leads. Referring to the question raised earlier in the meeting regarding followup on international trade leads, Ms. Fedder reported a survey is conducted annually on trade leads.

It was suggested by Commissioner Tatter that followup should be made monthly to see if contacts are made as a result of the leads. It also was suggested that contact be made with persons participating in the new exporters seminar held earlier in the year to determine if any tangible benefits have resulted from the seminar. This would help determine whether the seminar should be repeated.

MICHIGAN POTATO INDUSTRY:

Ben Kudwa distributed copies of the 1996 Michigan Potato Economic Impact Report (copy on file in the Commission office). Attachment O is a copy of his remarks addressing the status of Michigan's potato industry, weather-related crop losses with associated financial losses, and inadequacy of financial assistance available through federal crop insurance and disaster programs.

Bob Boehm reported MFB will hold a risk management symposium on December 10. Representatives of commodity groups, MFB Advisory Committee, and producer organizations and Ken Ackerman, acting administrator of the new USDA Risk Management Agency, will be invited. In addition to risk management issues, the symposium will address changes resulting from the 1994 Crop Insurance Reform Act, changes in the Freedom to Farm Bill, CAP and NAP coverage, pilot programs regarding income protection for yields and price, the Canadian risk management program, insurance programs, and state-based programs.

Due to the serious potato and sugar beet problems in the Saginaw Valley, Mr. Kudwa suggested a task force be created to address these issues as it is possible to lose two, very large, agricultural industries in that area. Potato farmers cannot make enough on other crops to pay back the loss of this year's potato crop and will not be able to continue to grow potatoes because this is such a high cost per acre crop. He estimated that 5,000 of the 12,000 acres of potatoes in the Saginaw Valley will be lost. The sugar beet problem is different than the potato issue and is related more to price.

The Director assured Mr. Kudwa that MDA will continue to monitor this issue and will work with him and MFB on long-term efforts to help.

DAIRY UPDATE:

Elwood Kirkpatrick, Michigan Milk Producers Association, reported on a unique industry situation concerning shipment of milk to southeastern and southern states and the impact this has on Michigan's milk manufacturing facilities. He also reported on an unfair tariff imposed by Canada on U.S. dairy and poultry products which prevents access to Canadian markets. He requested MCA go on record supporting an effort to correct this trade inequity. Attachment P is a summary of his comments.

MOTION:

Commissioner Tatter moved that the Michigan Commission of Agriculture is concerned about inequities in the free trade of United States dairy products across the Canadian border and urges the administration to investigate and work toward immediate resolution of those inequities. (Seconded) **Motion carried unanimously.**

The Commission requested the Director to provide copies of the motion to the Governor's office and Michigan's congressional delegation.

1997 COMMISSION MEETINGS:

The Commission and Mr. Kirkpatrick discussed meeting in the Thumb Area in June_1997 and the possibility of visiting Mr. Kirkpatrick's and Jack Laurie's dairy operations. Mr. Kirkpatrick and the secretary to the Commission will communicate about arrangements for the meeting.

LOCAL HEALTH DEPARTMENTS:

Diane McCormick, Livingston County Health Department, was present during the morning session; however, she was unable to stay and speak to the Commission.

PUBLIC APPEARANCES:

Ron Nelson, MFB, commented that the Pavilion for Agriculture and Livestock_Education was the result of considerable effort and partnerships, and Michigan is unique in its excellent government, academia, and industry partnership. He believes this legislative session was very productive for agriculture. MFB looks forward to helping make more good things happen in the future; e.g., plant initiative.

Director Wyant concurred that commendations belong to the partnership among the Governor, department, and leadership in the ag industry; however, Mr. Nelson was a major contributor in working with the Legislature to help make this building a reality.

ADJOURNMENT:

There was no further business; therefore, Chairperson Skogman adjourned the meeting at 3:00 p.m.

Attachment B

SUMMARY OF COMMENTS BY JAMES STACEY, ACTING STATE CONSERVATIONIST, NATURAL RESOURCES CONSERVATION SERVICE, TO MCA, October 10, 1996, East

Lansing, Michigan.

Mr. Stacey welcomed Mr. Wyant to the MDA-NRCS partnership. He reported State Conservationist Carole Jett was transferred to Washington, D.C., as Deputy Chief of NRCS Soil Survey Resource Assessment. It is anticipated the state conservationist position will be filled in December.

Emergency work continues under the Farm Service Agency's ECP program as a result of flooding last spring in Lapeer, Saginaw, and Tuscola counties. NRCS provides technical assistance to assist landowners replace conservation measures destroyed by flooding.

The Wetland Reserve Program and Conservation Reserve Program (CRP) are open for sign up and there is no time limit for entering these programs. CRP is concentrating on filter strips and this program can be used in conjunction with the Drain Code. NRCS has been active in the Drain Code revision meetings. Revisions provide opportunity to accomplish more with available programs.

Private Sector Technical Assistance to Livestock Operations for Manure Management.

An overview of NRCS's efforts to incorporate private sector technical assistance into the development of plans and designs for animal waste systems is included in this attachment. Funding is provided by the Environmental Quality Incentives Program (EQIP).

Status of 1996 Farm Bill Program. The state technical committee (30 members) has representation from numerous agencies and organizations including MDA. A proposal for funding the 1997 EQIP Program was developed (included in this attachment). Ten priority areas and six priority concerns were identified (including the animal manure issue). A proposal for \$5.3 million in cost-share funding was submitted to address Michigan concerns.

DNR's concerns about the way EQIP addresses wildlife issues are being considered and addressed. Most wildlife issues address improvements for small game habitat.

A public forum will be held October 15 in Lansing to receive input on the 1996 Farm Bill. Mr. Stacey and Chris White from Farm Service Agency (FSA) will facilitate the forum; FSA will receive comments on the CRP program, also.

EQIP rules were released (included in this attachment) and will be published in the October 11 Federal Register. EQIP brings a number of previous cost-share programs; e.g., ACP, Water Quality Incentives Program, the Great Plains Conservation Program, and Colorado River Salinity Program, into one program to be administered by NRCS. Program funding is authorized at a minimum of \$200 million a year for the period between 1996 and 2002.

Included in this attachment is a copy of the Wetland Conservation Provisions (Swampbuster); changes in the 1996 Farm Bill allow for more mitigation. A copy of the Interim Final Rule on Conservation Compliance is included in this attachment, also. A major change in this rule will allow landowners to do self-certification.

Farmland Protection. Michigan's proposal was accepted for funding (\$1 million) under the new Farmland Protection Program (authorized in the 1996 Farm Bill).

Commissioner Darling referred to a recommendation proposed in the Drain Code which provides drain commissioners authority to require filter strips on certain parcels but does not compensate property owner. Another proposal provides credit (not real dollars) for installing a filter strip which can be used in the future for cleaning the drain. He believes credits should be transferable to install filter strips or other control measures on any property owned by the landowner.

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Attachment E

SUMMARY OF DIRECTOR DAN WYANT'S COMMENTS TO MCA, October 11, 1996, East Lansing, Michigan.

Mr. Wyant stated the transition went smoothly and he was pleased to have the opportunity to work closely with Dr. Guyer. He visited with agriculture leadership around the state (60 meetings), MDA staff, and most of the Commissioners during the transition period.

Mr. Wyant reported on activities and issues in which he has participated or addressed including the following:

- National Association of State Departments of Agriculture (NASDA) Annual Meeting in Wisconsin. He and Mr. Creagh attended. Michigan can be proud of its accomplishments and is looked to as a leader in many programs; e.g., Right to Farm, agriculture stewardship, and groundwater initiative (nationwide model). In addition, Michigan's pork, beef, and sheep alliances are envied by other states; pseudorabies eradication is ahead of other states; and food safety efforts and the dairy industry were highlighted as exceptions. Other states' departments of agriculture are more involved in marketing (trade shows, export activities, domestic marketing, and efforts for recruitment and expansion for value-added food processing) than MDA. Highlights of the NASDA program were regional and national programs to develop relationships with regional leaders and discussions of the new food safety law--Food Quality Protection Act. A letter regarding the new food safety law, Food Quality Protection Act, and a letter indicating EPA will continue funding the Pesticide Data Program are included in this attachment).
- Director Wyant and Dr. Guyer met with the Governor prior to Dr. Guyer's retirement. They discussed:

-Technology utilization to keep MDA efficient, effective, and responsive;

-Law and rule review to assure uniformity and that laws are not burdensome or unnecessary and the possibility of codifying agriculture and food safety laws;

-Deer damage and the seriousness of this issue. Director Wyant met with K. Cool (DNR), and Vicki Pontz-Teachout and George Burgoyne (DNR) have been meeting to develop a partnership among MDA, DNR, and sportsmen to identify unique ways to address the deer situation;

-Need, opportunity, and potential for food processing/value-added opportunities in Michigan and MDA's role in determining what the agriculture industry needs and whether Michigan can provide services and programs to meet those needs. The Governor requested the Director meet with Doug Rothwell, Michigan Jobs Commission (MJC), to expand our role in serving

Michigan food processors by identifying needs, developing leadership, and addressing issues. The Food Processors Roundtable is an excellent forum to assist in this process. MDA is committed to an active partnership with this industry and will work with MJC on priorities established by the industry for growth and expansion;

-Federal farm legislation must be followed closely to assure that MDA knows how it is impacted and influenced by federal EPA and farm legislation and has input when decisions are being made. Mr. Craig will be the lead on this;

-Tuberculosis (TB) in deer. Dr. Chaddock will report on this later.

- Director met with legislative agriculture leadership (Senators Posthumus, Schuette, McManus, and Gast and Representatives Middleton, Sikkema, and North). He participated with Senator Bill Schuette in the kickoff press conference for Michigan Harvest Gathering. MDA is coordinating the collection of food and dollars from state departments.
- Discussed federal disaster programs with potato growers from Munger who experienced crop losses due to adverse weather. Representatives of banks and the Farm Service Agency were present, also. Statistical information regarding the 1996 potato crop was prepared by the Michigan Agricultural Statistics Service and is included in this attachment. This year 62,000 acres of potatoes were planted in Michigan; general consensus at this time is about 3,000 to 5,000 acres will be lost due to weather damage. Ben Kudwa is scheduled to address this issue later in the meeting. Commissioner Tatter reported one-third of the 1996 Michigan apple crop has been lost, also.
- About 490 attended the MDA Employee Meeting held October 7-8. Meeting was excellent; employees have positive feelings about it. MDA employees are dedicated, responsive, and well-qualified; they are focused on how to do things better. Employees want MDA to be a leader in: (1) food safety; (2) strengthening family farms; (3) assuring viability of Michigan's food and agriculture industry; (4) building and maintaining partnerships within federal and state government and industry; and (5) innovation.
- Met with DNR Director K. Cool on a commitment to move forward on deer management and its agricultural impact.
- Met with DEQ Director Russell Harding regarding the cranberry industry. Mr. Craig was asked to provide a brief update on the DeGrandchamp application. Mr. Craig distributed and reviewed a memo outlining the DeGrandchamp Inland Lakes and Streams Permit Application (included in this attachment). After considerable time, effort, consultation, and expense, DEQ determined the DeGrandchamp application "administratively incomplete" and returned it. Many items referenced as missing were attached to application but were not in the sequence outlined in the application. Dr. Charles Cubbage, MDA Science Advisor, is working with the consulting engineer and DEQ to work out problems. Because of the magnitude of this proposed cranberry operation, application must be sent to EPA for a 90-day review. Mr. Witte indicated he will inform EPA that Michigan intends to approve the application; this will be helpful in EPA's review. MDA staff will continue to monitor the application.
- Met with Robert Welke, M-DOT Director; MDA and M-DOT are working to put an agricultural notation on all state maps.

- The Director met with division directors to review their visions and concerns. MDA is preparing its base-line budget for FY 1997-98 which will be submitted to DMB next week.
- Met with Dean Fred Poston, Ian Gray, and Arlen Leholm (MSU). MDA is committed to work with the Dean and his staff on what the new Food Safety Act will mean to Michigan.
- Met with the MFB policy group; this was a good exchange.
- MDA is committed to working on the Drain Code. Drain commissioners completed their recommendations for amendments; draft legislation is being presented for input and comment prior to being introduced in the Legislature.

Referring to the Director's comment about other states' agriculture departments doing more to market their products and relating this to our effort to facilitate food processing, Commissioner Veliquette asked if we are assuming food processors are marketers as they may not be. The bottleneck in expanding opportunities is in marketing. Technology, production capacity, etc. are readily available. He would like to see this concept studied. He reiterated the need to check the value of leads forwarded. Mr. Wyant added that while it is a fact that other states spend more money and time marketing than MDA, there is no measure of their success. Industry must identify what is needed before MDA can determine how it can provide leadership to facilitate.

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Attachment L

SUMMARY OF DR. H. MICHAEL CHADDOCK'S REMARKS ON TB IN DEER IN NORTHEASTERN MICHIGAN AND DR. NANCY FRANK'S REPORT ON RABIES TO MCA, October 11, 1996, East Lansing, Michigan.

TB in Deer in Northeastern Michigan Dr. H. Michael Chaddock reported that TB has not been found in livestock in Michigan during the investigation of this issue. To date 27 deer tested positive for TB; tests on nearly 2,500 head of livestock have been negative for TB. The latest round of testing on livestock is anticipated to be completed within a few weeks.

MDA requested USDA do a risk assessment on this issue; its report, "Assessing the Risks Associated with *M. bovis* in Michigan Free-Ranging White-Tailed Deer," was issued in late September (copy on file in the MCA office). a copy of the Executive Summary of this report and a summary of the chronology and history of surveillance activities in northeastern Michigan and findings and recommendations identified in the risk assessment document are included in this attachment. Dr. Chaddock is pleased with the risk assessment and commended USDA for its excellent assessment.

There has been excellent cooperation among MDA, DNR, Community Health, MSU, and USDA during the investigation. After the risk assessment has been studied, decisions must be made on how to implement or respond to recommendations. USDA did not indicate what Michigan should do or how it is to respond. It did, however, make clear the areas that need to be addressed or there will be definite outcomes, which are identified, if nothing is done to manage the deer herd or livestock in the area.

MDA will work with representatives of the livestock industry, hunt clubs, conservation clubs, and MSU to address issues and recommendations identified in the risk assessment.

A brochure, "Tuberculosis in White-tailed Deer in Michigan," has been printed and is being distributed by MDA regional offices and Animal Industry Division, food processors, USDA, and MSU-Extension (copy on file in MCA office). It was suggested DNR and businesses selling hunting licenses or processing deer be enlisted to distribute this information.

Since TB is a disease of concentration (animals in close-living environments), the number of deer in the area needs to be decreased. Feeding deer creates an artificial environment which encourages concentration of deer in an area. This is a known risk that increases the spread of TB. There is need for an education component to change long-term opinions about deer feeding. Also, Michigan's livestock industry must determine what it can do to discourage deer from associating with domestic animals.

The livestock industry knows how to eradicate TB in domestic animals, but there is no known process for eliminating TB in wildlife. TB will be in deer in that area for a long time. It is important to know how to evaluate, manage and decrease the risks.

Rabies Report. Dr. Nancy Frank reported on rabies in Michigan, progression of the rabies epidemic in eastern U.S. and Texas, concerns, and possible strategies. There is considerable information about rabies available on the Internet. A document entitled "The Ascension of Wildlife Rabies: A Cause of Public Health Concern or Intervention?" was retrieved and distributed (copy on file in the MCA office). A brochure, "Out-of-State Foxes & Coyotes Are Serious Disease Risks," outlines dangers of interstate transport wild animals was distributed (copy on file in the Commission office).

Rabies continues to spread in coyotes from Texas. Texas is under a self-imposed rabies quarantine. Dogs coming into Michigan from other states can enter only after certain requirements are met and are subject to quarantine; however, there are no defined import requirements for cats entering Michigan from other states.

The epidemic of rabies in raccoon on the East Coast continues to spread, moving northward and westward. There is concern that east Ohio is now infected and we need to be concerned the epidemic will reach Michigan.

Included in this attachment are statistics and other information presented by Dr. Frank.

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Attachment P

SUMMARY OF COMMENTS BY ELWOOD KIRKPATRICK, MICHIGAN MILK PRODUCERS ASSOCIATION, ON DAIRY ISSUES TO MCA, October 11, 1996, East Lansing, Michigan.

Mr. Kirkpatrick reported Michigan's dairy industry has had a different problem in recent months. The industry usually has a milk surplus. However, milk production in southeastern and southern states has been short from 8 to 12 percent, and Michigan and other states in the region have been looked to for milk which normally goes into hard product manufacturing. For several months up to 250 semi-loads a week have been shipped to Florida, Kentucky, Tennessee, the Carolinas, and other states.

Milk pulled from the manufacturing facilities reduces facility efficiency. A \$4/cwt premium was charged for milk shipped south. Some farmers who produce a semiload a day were contacted directly by out-of-state buyers, offered \$2/cwt, and left the cooperative marketing system (\$2/cwt is considerably more than what \$4/cwt amounts to when it is spread among all producers in the cooperative).

It is anticipated the situation will end in a few weeks; however, to avoid repeating the experience, meetings are being held with southern buyers to see if a marketing agency can be developed to make milk available and provide assurances to avoid the disruptive practices.

With the elimination of dairy price supports and the market balance provided by government through commodity credit purchases, the dairy industry will have to do more to protect against such disruptions. In the future, milk production probably will be balanced by price. The industry structure will need to be studied to assure that it responds to needs and yet maintains an orderly market.

It is anticipated that the southern dairy industry will not have recovered by next year, and milk will have to be shipped into the area.

Under the North American Free Trade Agreement (NAFTA) and the GATT Agreement, the dairy industry is in an imbalance between increased export opportunity and increased opportunity for products to move into the U.S. The industry would probably be in balance if the Canadian market were open to U.S. dairy products.

The Canadian government placed a tariff on dairy and poultry (up to 280 to 350 percent add-on to U.S. dairy products crossing the border) which results in a lost opportunity for the U.S. dairy industry. The U.S. dairy industry does not believe this is legal under the NAFTA and GATT agreements. The Foreign Agriculture Service, USDA, and U.S. trade representatives agree; however, the unofficial preliminary finding of a trade dispute panel is that it did not support the U.S. position.

Canada has a milk production quota system and claims to be a self-contained country (industry balances by controlling production through quotas); however, Canadian dairy products are sold in Mexico and Japan, and recently the Canadian dairy industry announced it was increasing exports by six percent.

The national dairy industry is attempting to work with both the Clinton and Dole campaigns to make this an issue. Hearings were held by the House Agriculture Committee and representatives of both the U.S. Trade Representatives Office and Foreign Ag Service testified the Clinton administration is dedicated to resolving the situation.

Canada has access to the U.S. market; however, the U.S. does not have access to the Canadian market. Mr. Kirkpatrick requested the Commission go on record supporting an effort to correct the inequity that has developed.

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I, Douglas E. Darling, Secretary of the Michigan Commission of Agriculture, do hereby certify that I have read the minutes of the October 10-11, 1996, session of the Commission of

Agriculture and they are a true and accurate description of the proceedings thereof.

(Signature on file in Commission office)

Douglas E. Darling, Secretary

I, Daniel J. Wyant, Director of the Michigan Department of Agriculture, do hereby certify that I have read the minutes of the September 10-11, 1996, session of the Commission of Agriculture and they are a true and accurate description of the proceedings thereof.

(Signature on file in Commission office)

Daniel J. Wyant, Director

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