

HOUSE COMMITTEE ON
AGRICULTURE AND NATURAL RESOURCES

February 7, 2005 Hearing Room C

9:00 A.M. Tapes 14 - 15

Corrected 9/26/2005)

MEMBERS PRESENT: **Rep. Patti Smith, Chair**

Rep. Brian Boquist, Vice-Chair

Rep. Arnie Roblan, Vice-Chair

Rep. Terry Beyer

Rep. Mark Hass

Rep. Mac Sumner

MEMBER EXCUSED: **Rep. Chuck Burley**

STAFF PRESENT: **Patrick Brennan, Committee Administrator**

Jania Zeeb, Committee Assistant

MEASURES/ISSUES HEARD:

Food Safety Program Fee Restructuring – Informational Meeting

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
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TAPE 14, A

003 Chair Smith Calls the meeting to order at 9:02 a.m. and opens the informational meeting on food safety program fee restructuring.

FOOD SAFETY PROGRAM FEE RESTRUCTURING - INFORMATIONAL MEETING

014 Katy Coba Director, Oregon Department of Agriculture (ODA). Introduces Ron McKay, ODA Food Safety Division Administrator. Discusses the history of the food safety program.

042 Coba States that the number of foodborne outbreaks has increased and gives four reasons for concerns.

058 Coba Details ODA's response to the problem of foodborne illnesses.

063 Coba States how the department is trying to lower program cost and the effect of that on the agency's ability to do its job.

081 Coba Discusses the funding mechanism for the food safety program. States that the program needs either an increased allocation from the General Fund or to increase fees. Comments that the department prefers to raise the fee cap.

100 Coba Identifies that a second option would be a fee restructure and an infusion of general fund into the program. Acknowledges that timing is important because notification needs to be out by March 1st to have the changes take effect in May 2005. Details the consequences of not acting.

118 Rep. Boquist Inquires what the Governor is proposing for the fee.

122 Coba Defers the question to the next speaker.

160 Joe Gilliam President, Oregon Grocers Association. Submits and presents written testimony on the *Overview of the ODA Food Safety Program Fee Structure (EXHIBIT A)*.

178 Gilliam

States that it is unusual for the association ask for an increase, but it is important for this program to continue and fees need to be raise to help fund the program.

- 194 Gilliam Expands on what the proposal would accomplish (**EXHIBIT A**).
- 219 Gilliam Submits and presents informational graphs on *ODA Food Safety Fee Comparison*. Expands on the graph (**EXHIBIT B, Page 1**).
- 286 Gilliam Expands on the chart (**EXHIBIT B, Page 2**).
- 316 Gilliam Explains the chart (**EXHIBIT B, Page 4**).
- 354 Gilliam Discusses the chart (**EXHIBIT B, Page 11**).
- 401 Rep. Beyer Inquires why the general fund should pay so much more than the amount Governor Kulongoski proposed in his budget.
- 411 Gilliam Explains that in the past, the department and the industry shared the cost evenly, but since the recession hit industry has borne more of the burden.

TAPE 15, A

- 019 Rep. Beyer Inquires what the General Fund contribution has been for the program.
- 020 Gilliam Responds that it was originally approved for \$1.8 million and then reduced to \$428,000 during the special sessions in 2002.
- 034 Rep. Sumner Asks for an explanation of what the net result would be to the public if the industry paid for all the fees.
- 037 Gilliam Answers that if the burden were shifted to the industry there would be an increase in retail costs.
- 049 Rep. Sumner Concludes that the consumer will ultimately pay the added fees.
- 052 Gilliam Concurs with Rep. Sumner.

055	Rep. Boquist	Clarifies that the notification needs to be sent out by March, meaning that the legislature must act by then for the change to take effect.
066	Gilliam	Responds that the fee caps can be passed separately. Notes that in order to meet the timeline for the billing, the cap must be passed first.
076	Rep. Boquist	Asks whether ODA could go back and do another fee change if the fee cap is passed, and the Governor's budget does not include more than \$1.8 million..
086	Gilliam	Discusses setting fees per category verses fee schedules based on revenues within each category.
109	Rep. Boquist	Asks if there is legislative drafts to address the issue.
113	Gilliam	Answers that there is a bill, HB 2539, moving through the process.
117	Rep. Roblan	Inquires if the industry and department agree that 33 inspectors is sufficient to do the needed inspections.
121	Gilliam	Responds that ODA has done well with that number of inspectors.
138	Gilliam	States that several chapters of statute would be amended by the legislation.
143	Dave Nelson	Oregon Dairy Council. Testifies in support of the proposal. Discusses the importance of Tillamook Cheese and the consequence of not working on this to the dairy industry in Oregon.
171	Nelson	Comments on the importance of exporting milk to other states.
189	Nelson	Describes the potential negative impact of an insufficient food safety program.
193	Rep. Boquist	Asks Mr. Nelson to address the percentage of independent dairies that produce an end product verses others.
203	Nelson	Explains how milk is priced. Describes how the Tillamook County Creamery Association (TCCA) and other co-ops operate.

236	Joan Beck	Oregon Food Processors. States that the approach is fair and equitable and that food processors are currently in the process of contacting their clients to make sure they agree with the proposal.
250	Rep. Sumner	Comments on the quality of imported food. States that ODA needs to do more work to remind consumers that it is difficult to know where things are coming from or whether they are completely safe. Suggests that ODA help educate consumers.
293	Rep. Boquist	Closes the informational meeting on the Food Safety Program Fee Restructuring and adjourns the meeting at 9:51 a.m.

EXHIBIT SUMMARY

- A. Food Safety Program Fee Structure Overview, written testimony, Joe Gilliam, 1 p**
- B. Food Safety Program Fee Structure, informational graphs, Joe Gilliam, 13 pp**