

STATE OF MINNESOTA
DEPARTMENT OF AGRICULTURE

In the Matter of the Proposed Rule
of the Department of Agriculture
Setting Fees for Livestock Weighing
Services

Statement of Need
and Reasonableness

Introduction

Livestock Weighing Services fees are established under MS 17A.11. These fees are based on the cost of supplying the service necessary to weigh and record livestock being sold by producers to processing plants. The current fee schedule was set by Commissioner Order in 1978. Since that time, M.S., Sec. 16A.128 has been amended which requires that certain new fees be established by rule making. The Department of Finance has determined that this is a fee schedule which must be set by rule.

Small Business Impact

There would be no small businesses impacted by this rule as there are only three packing plants using this service. They are Monfort, Iowa Beef Processors and Albert Lea Meat Processing. None of these businesses fit the definition of a small business in M.S., Sec. 14.115.

Need for and Reasonableness of the Proposed Rule

The fee schedule currently in use is no longer able to recover the cost of providing this service. It has remained unchanged for over twelve years. M.S. Chapter 17A provides service upon request but does not require it. M.S., Sec. 17A.11 requires that the fees must cover services provided. The following is a list of the current weighing fees and the proposed fees which contain a two cent per head increase:

	<u>CURRENT</u>	<u>PROPOSED</u>
Cattle	\$.20	\$.22
Calves	.13	.15
Hogs	.11	.13
Sheep	.08	.10

Over the past 12 years, the volume of livestock was adequate to pay for the cost of providing this service. However, with rising costs associated with labor and supplies and with reduced numbers of processing plants, the proposed \$.02 increase per head is now necessary to comply with the requirements of M.S. Chapter 17A.

The attached sheet shows estimated expenditures and estimated revenue of the current and proposed fees. As it shows, unless fees are raised, the account will show a deficit which is not allowed by statute.

DEPARTMENT OF AGRICULTURE
Dairy and Livestock

FEE REVIEW

Livestock Weighing Account - Special Revenue Fund
Proposed fee increase

	NUMBER OF HEAD	PRESENT FEE	PRESENT REVENUE	PROPOSED FEE	PROPOSED REVENUE
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Cattle (per head)	330,000	\$0.20	\$66,000	\$0.22	\$72,600
Calves (per head)	0	\$0.13	\$0	\$0.15	\$0
Hogs (per head)	1,042,000	\$0.11	\$114,620	\$0.13	\$135,460
Sheep (per head)	0	\$0.08	\$0	\$0.10	\$0
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TOTAL ESTIMATED REVENUE			\$180,620		\$208,060
TOTAL ESTIMATED EXPENDITURES			\$193,000		\$205,000
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CURRENT DIFFERENCE			(\$12,380)		\$3,060