

**State Brand Board**  
**Minutes of Public Hearing**  
**March 22, 2013**

The Brand Board convened at 1:00 p.m. on Wednesday, March 22, 2013, in the Matthews Training Center, Foss Building, Pierre, South Dakota.

The purpose of the meeting was to conduct a public hearing on the proposed change to board rule numbered 12:10:02:25 adopted under the authority of SDCL 40-18-16; and 40-20-4.1 and rule numbered 12:10:02:05 adopted under the authority of SDCL 40-18-16 (5) and 40-21-7.

**Members of the Board in Attendance:** Bart Blum, Wanda Blair, Lyla Hutchison, Curt Mortenson, and Scott Vance.

**Others in attendance:** Harold Deering, Larry Stearns, Debbie Trapp, Wray Shouldis, Courtney De La Rosa, Jodie Anderson, Bob Fortune, Sylvia Christen, Jerry Vogeler, Kenny Fox, Gerald Kessler, Bob Mercer, and Chet Brokaw.

**Oral Testimony - 12:10:02:25** Increase in fee for lifetime transportation permit for horses to \$20.00.

Larry Stearns, from the staff, outlined the reasons for the proposed increase in fee for a lifetime transportation permit for horses to \$20. He stated that a fee increase would allow the Board to pay the inspectors \$10 for conducting the inspection, pay the office \$5 for preparing the permit and use the remaining \$5 to make up for a short fall in horse inspection revenue at livestock markets. He also stated that there has been no fee increase for 21 years for the lifetime permit.

Jodie Anderson, from the SD Cattlemen's Association, testified that the Cattlemen's Board of Directors were supportive of the increase.

Bart Blum, speaking on behalf of himself as a Lyman County rancher, testified that the lifetime transportation permit is a good way to identify the horse and that horse inspection should be able stand on its own.

There was no opposing testimony.

There was no written testimony or rebuttal.

Following a brief Board discussion, Blum moved and Hutchison seconded the motion to approve the amendment of rule 12:10:02:25 to increase in fee for a lifetime horse transportation permit to \$20.00. The motion carried with a unanimous voice votes.

**Oral Testimony - 12:10:02:05** Increase in brand inspection fee from \$.90 to \$1.00.

Larry Stearns, from the staff, outlined the reasons for the proposed increase in brand inspection fee. The director stated that the Brand Board has been operating the brand inspection program on a break even basis in the past, but with the extended drought and sell down of breeding herds, the Board needs to increase their cash balance to be able to weather the next few years of reduced numbers of livestock inspections.

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Jodie Anderson, executive director for the SD Cattlemen's Association, said the Cattlemen's Association support an increase in the brand inspection fee if it is necessary to keep the brand inspection program viable.

Written Testimony: Debbie Trapp, new director of the SD Brand Board, read a letter from Delphine Vavra in support of the increase in fees that the Board is proposing.

**Opponents:**

Sylvia Christen, executive director SD Stockgrowers, said that the Stockgrowers oppose a \$.10 increase in brand inspection fee. The Stockgrowers do support the additional pay to inspectors. They felt that looking at the financial information provided to them that a \$.05 increase with 1,200,000 would still keep the program in the black. The program should be reassessed each year. She reminded the Board that this is producer funds and it does little good to stockpile funds in an account and the program is running in the black. The Stockgrowers support an incremental increase and reevaluation in a year.

Kenny Fox, Belvidere, said that we met a year ago and talked of declining numbers but increased numbers are being marketed. He also said that he supports paying inspectors and thinks there is enough money to do that.

Bob Fortune, Belvidere, said that the brand inspection program is one of the most important programs in their country. He said that there is enough funding in the program and should be evaluated each year. He also said that a nickel increase should be sufficient.

**Rebuttal:**

Larry Stearns said that yearly evaluation is not a bad idea but because of the amount of time that it takes to implement any change more frequent evaluations are necessary. A positive cash balance at the end of the fiscal year has to be sufficient to carry the program through July, August and September which are typically negative months.

The Brand Board has run the brand fund down to the bare bones the last few years with a uniform number of inspections. With the declining numbers in the horizon, this has to be run as a business and carry enough cash balance to sustain declining numbers. Inspection numbers are difficult to predict but the drought has forced a large sell down.

Mortenson questioned Stearns about number predictions and asked about further projections beyond the next two years. Stearns answered that the projections made a year ago were under uniform numbers inspected. The drought will change that.

Bob Fortune said that the Board is a regulatory agency not a business and that it is producer money and that \$.05 is enough of an increase.

In Board discussion, Mortenson said that he felt a nickel raise is a waste of time and moneys that come into the program stay in the program. He would rather see the program have a higher cash balance and stay viable. The drought has changed the beef prices and as more cattle are marketed, the prices decrease. It is costly to carry cattle in a drought. The numbers inspected dropped a half million head due to drought

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in 1986-87 and 2003-04. He feels this drought may have a larger impact over a longer term. And he urges the Board to support the increase.

Hutchison said she feels that the brand inspection program should be run like a business. She added that with increases in expenses to run the program that she feels that an increase is necessary and supports the increase.

Blum said that projections made in the past by the director have been pretty close. The west river producers are in favor of a quality inspection program. He felt that a stronger cash balance is needed. He is in favor of the increase.

Vance said that the auction markets position is still the same as last year. He hoped that the legislative proposals would have had a more positive outcome. He supports the inspectors and appreciates all that the Board has done in their support. He feels that a \$.10 increase since last September is too much of an increase.

Mortenson moved to increase the inspection fee from \$.90 to \$1.00. Blum seconded the motion. Mortenson followed with a brief discussion of the legislative proposals and their outcome and past board history and votes on increases. Blum said that \$1.00 is not set in stone and a decrease can be called for as well as increases. The motion passed on a voice vote of Mortenson, yes; Blum, yes; Hutchison, yes; Vance, no; Blair, yes.

With no further business to carry forth, Mortenson moved the meeting adjourn, Hutchison seconded and the motion carried. The meeting and hearing adjourned at 1:45 p.m.

Respectively Submitted,

\_\_\_\_\_  
Director

\_\_\_\_\_  
President

These minutes were filed for the record on \_\_\_\_\_.