

CORPORATE HEADQUARTERS

September 26, 2012

SENT VIA EMAIL TO: cecilia.gould@agri.idaho.gov
ORIGINAL TO FOLLOW VIA CERTIFIED MAIL#7009 0080 0001 0391 6631
RETURN RECEIPT REQUESTED

Ms. Celia R. Gould
Director, Idaho Department of Agriculture
P.O. Box 790
Boise, ID 83701-0790

Dear Director Gould:

The Department, in the September 5, 2012 edition of the Idaho Administrative Bulletin, published a notice of a temporary and proposed rule on the Idaho Commercial Feed Law. The J.R. Simplot Company (Simplot) is a provider of feed from commercial feed production facilities, feed byproducts, and production waste from our potato processing facilities. This rule is of direct interest to Simplot and we have the following comments on the temporary and proposed rule.

Exemptions

The draft rule contained an exemption from registration for feed byproducts and food processing production waste (IDAPA 02.06.02.011).

08. Byproducts or Production Waste. Processing byproducts or production waste, which do not undergo further processing, received by the end user directly from the fuel or food processor, when not adulterated with the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code. This may include wet or processed beet pulp, pea screenings and beet discard molasses.

Food processing is a major industry in the state and in particular potato processing is a significant economic "driver" in the southern portion of Idaho. Thus, the byproducts or production waste from potato processing are a valuable food source for livestock in Idaho. These materials, because of variations in the production process, can vary in solids, protein, fiber and fat content. Thus, these materials are not suitable for registration. Registration is best suited for those materials commercially produced that are intended for to meet specific nutritional requirements or needs of livestock. The variation in food processing production waste would make meeting the requirements associated with registration (such as labeling) very problematic.

Also, during the production of feed products, various byproducts (examples include grain screenings, mixtures of grains, etc.) are produced. These byproducts are produced through grain screening activities, the transition from one product production to another (such as transitioning from the use of barley to corn resulting in a mix of feeds) and related activities. Like food processing wastes, these byproducts have variable characteristics and make the development of a label (which describes protein, fat, etc. content) very problematic. Creating a

J.R. Simplot Company Comments
on Commercial Feed Rule

label with a guaranteed analysis (which would involve considerable testing, creating storage for various types of byproducts, etc.) would likely discourage or eliminate the use of such byproducts for feed. These byproducts, like food wastes, are a valuable food source for livestock and it would not be a wise use to have such materials disposed in a landfill because of excessive regulation.

Recommendation. That the exemption from registration include feed byproducts and production waste from food processing with the inclusion of potato waste and or potato byproducts:

08. Byproducts or Production Waste. Processing byproducts or food production waste, which do not undergo further processing, received by the end user directly from the feed, fuel or food processor, when not adulterated with the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code. This includes feed byproducts, grain screenings, and potato production waste including but not limited to peel, potato waste, and potato products.

This recommendation is consistent with Senate Bill 1236 which provides for the exemption of:

25-2703.(3) The term "commercial feed" means all materials or combination of materials, which are distributed or intended for distribution for use as feed, or mixing in feed for poultry and animals other than man except:

(h) Certain processing byproducts or production waste identified by the director in rule, without further processing when not adulterated with the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code.

If the Department believes that further guidelines need to be developed for "byproducts" or "production waste", Simplot recommends a work group be formed to develop such guidelines. This work group would need to include representatives from the various feed, fuel and food processing industries.

Fees

Currently, the feed program fund is approximately at two (2) million dollars. The Department has proposed that the fees be adjusted to maintain a balance of one (1) million dollars in the fund. Simplot recommends that the fees be adjusted to maintain a fund balance of one year of operating costs, which is approximately \$700,000 and capped at one (1) million dollars.

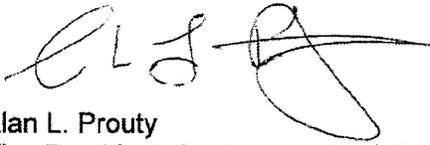
Recommendation. That the fees be based on maintaining a fund balance of one year of operating funds or one million dollars, whichever is less.

b. The fee shall be set by the Department such that all costs associated with the commercial feed program will be covered by the registration fee without the need for additional state general or dedicated funding. A dedicated fund balance of not more than one year of operating expenses or one million dollars (\$1,000,000), whichever is less, will be maintained. The registration fee will be reduced or increased by the Department in order to maintain this balance.

J.R. Simplot Company Comments
on Commercial Feed Rule

Please contact me at 208.389.7365 if you have any questions regarding these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'ALP', with a large, sweeping flourish extending to the right.

Alan L. Prouty
Vice President, Environmental & Regulatory Affairs

C:

Lloyd Knight, Idaho Department of Agriculture
Brian Oakey, Idaho Department of Agriculture
Mark Dunn, J.R. Simplot Company
Craig Holcombe, J.R. Simplot Company
Ron Parks, J.R. Simplot Company

Submitted via electronic mail

September 26, 2012

Brian J. Oakey
Deputy Director
Idaho State Department of Agriculture
2270 Old Penitentiary Road
P.O. Box 790
Boise, Idaho 83701

Re: Commercial Feed Rule 02.06.02 - Temporary Rule published September 5, 2012

Dear Mr. Oakey:

The American Feed Industry Association (AFIA), National Grain and Feed Association (NGFA) and Pet Food Institute (PFI) appreciate the opportunity to provide comments on the temporary, proposed rule published on September 5 that will modify Idaho's commercial feed regulations. Our organizations participated in and provided comments throughout the negotiated rule-making process and commend the department for the open dialogue between the feed program and industry during this process.

AFIA, NGFA and PFI member companies are actively involved in manufacturing and distributing feed and food for animals within Idaho. As such, our organizations have a strong interest in the proposed changes to Idaho's commercial feed regulations.

Our organizations provide the following comments on the specific sections of the temporary proposed rule as detailed below.

Exemptions

Our three associations (AFIA, NGFA, and PFI) support ISDA's proposal to not include additional exemptions beyond those currently stated in the law. We urge the department to use the time while the regulation is becoming final to develop a process and criteria the department will use to propose new exemptions via rule-making in the future.

Registration fee

We have several comments regarding the proposed registration fee language.

1. During the negotiated rule-making, the department shared that the feed fund reserve account was \$2,157,000 (as of July 18, 2012). This is a significant sum of money that has been received from industry over past years through collection of inspection fees and product registration fees. We continue to believe that the department can transition into

this new realm of higher product registration fees by funding part of the commercial feed program with the funds in the reserve until it is reduced to one-year's operating budget. The money held in the reserve is industry funded and we believe it should be used to benefit industry during this transition.

The temporary rule proposes to hold one million dollars in the reserve to ensure funding for the program. Our associations support a one-year's operating budget maximum in the reserve and not a specific dollar amount in the regulation. This gives the department the flexibility without requiring modification of the regulations as the needs of the program change. We also believe that the present level of one million dollars is exceptionally high given the current operating budget of \$700,000. One year's operating budget in a reserve is the standard for most non-profit/governmental organizations.

We request that the proposed rule be modified as follows: "A dedicated fund balance of not more than **one-year's operating budget** be maintained." This amount (one year's budget) is similar to other states (CA, TX) that have this statutory requirement. That level of reserve should be adequate for the program to cover unanticipated expenses and handle industry's money appropriately. We would urge the department to examine past year's operating budgets in relation to the reserve. It would appear the department has had significant income over expenses in recent years.

We appreciate the inclusion of language regarding the fund to demonstrate the importance of the reserve and to ensure the funds collected via product registration fees are utilized appropriately.

2. We also urge the department to modify the temporary rule to lower the product registration fee from \$45/product to \$35/product or less. As our organizations have stated throughout the initial stakeholder meetings, legislative consideration of the changes to the law and the negotiated rule-making process, while the department was trying to ease the financial burden on one particular segment of the industry by getting rid of inspection fees, in reality they have swung the pendulum to the extreme end and now have put the financial burden of running the entire feed program on another set of companies via the product registration fee. With significantly higher feed ingredient prices expected this harvest season, a lower and more reasonable fee would be more appropriate.

This temporary rule changes the product registration fee from \$5 or \$25/product to \$45/product. We have discussed this change with our members and understand that while this fee change may seem miniscule to some with only a few products, for many companies it will significantly increase the fees that they owe the state of Idaho. Those companies will need to carefully evaluate the products that were registered previously and could decide to restrict these products from being sold in Idaho and therefore hurt the livestock producers or pet owners who rely on them for complete and balanced rations/diets for their animals. For feed specifically, the higher cost to register all potential products would likely raise the cost of the feed products as well. As the cost of feed is estimated to be almost seventy percent of the cost of livestock production,

anything that raises the cost of feed will raise the cost for producing the animal and ultimately the cost for the product to the end consumer.

We urge the department to ease into this transition and therefore request the rule be changed to not more than \$35/product while utilizing a portion of the current reserve fund to cover the remaining costs of the program's expenses until the reserve reaches that one-year's operating level.

By our calculations (see below), the program should be able to operate at the \$35 rate for at least four years.

Calculations:

$\$2,157,000 - \$700,000$ (lab move) = $\$1,457,000$ remaining in reserve

$\$1,457,000 - \$700,000$ (1 year reserve) = $\$757,000$ available to help make up the difference with a lower product registration fee.

$\$35 * 14,827$ (est. # of products registered) = $\$518,945$ revenue/year

$\$694,396$ (est. expense in FY2013) - $\$518,945$ = $\$175,541$ shortfall/year that would be deducted from reserve

$\$757,000 / 175,541 = 4.3$ years that the program could run at this level (assuming the expenses remain the same as estimated in FY2013 and the number of products registered do not drop).

3. We suggest that the fee established by the department in this first rule-making be held constant until it can be reviewed in two years and/or after the federal Food Safety Modernization Act regulations are promulgated for their impact on Idaho's feed industry. This two year timeframe should also give the feed industry an appropriate length of time to review the products they currently register in the state and determine the number of products they wish to register in the future.
4. In the exemption clause for the registration fee, we support the inclusion of the sentence that allows the department the right to conduct any and all inspections allowed under Idaho Code Section 25-2709 in order to ensure compliance with these rules and/or the Idaho Commercial Feed Law for companies that are claiming this exemption. This will help ensure that the safety of these products is maintained and therefore protecting Idaho's livestock and aquaculture industries and companion animals.

Labeling

While the change to the feed law expanded the definition of labeling to include all statements and promotion on company websites or other internet based customer interfaces, we question if this authority truly lies with a state department of agriculture or is best managed at the federal level by the Food and Drug Administration and/or the Federal Trade Commission who have authority over interstate commerce.

AFIA-NGFA-PFI Comments on Idaho Commercial Feed Rule 02.06.02 – Temporary Rule

Again, we appreciate the department including the broad feed industry throughout this process of modifications to the commercial feed law and regulations, and we urge your consideration of our proposed changes.

Sincerely,

Dave Fairfield
Vice President of Feed Services
National Grain and Feed Association
712.243.4035
dfairfield@ngfa.org

Pat Tovey
Manager, Technical and Regulatory Affairs
Pet Food Institute
202-367-1120
pat@petfoodinstitute.org

Leah Wilkinson
Director of Ingredients and State Legislative Affairs
American Feed Industry Association
703-558-3560
lwilkinson@afia.org

Cc: Lloyd Knight
Kathryn Mink



McCain Foods USA, Inc.

2275 Cabot Drive
Lisle, IL 60532-3653
Telephone (630) 857-4460 Fax (630) 857-4880

Ian S. Mitchell
Director of Government Relations

September 25, 2012

Deputy Director Brian J. Oakey,
Idaho State Department of Agriculture
2270 Old Penitentiary Road
P.O. Box 790
Boise, Idaho 83701
Fax: (208) 334-2170

RE: Commercial Feed Rule

McCain manufactures processed potato products at its facility in Burley and as a result generates in excess of 65,000 tons of potato waste per year. The waste is primarily composed of potato peel, nubbins, whole or partial fries, and rejected potatoes. There are relatively few options for disposing of this waste, and some of the alternatives are expensive. Fortunately potato waste is usable as a source of cattle feed, and therefore we are able to sell the waste to an intermediary who deals with the livestock industry. As you would expect, the sale of waste is very low margin, although lately it has become a more sought after commodity. We sell the waste on an "AS IS" basis with no warranties other than the absence of metal; and we sell it as waste. The only limitation we place on the disposal of the waste is that it not be land spread.

The sale of potato waste is a waste disposal solution for McCain, and in no way should be characterized as the sale of a feed product by McCain. If we were unable to sell the waste to the intermediary, we would need to dispose of it in a land fill, or through some other mechanism. Under the proposed rule changes to the Commercial Feed Rule 02.06.02, our waste may now be subject to inspection and held to a new standard. If we need to manage our waste stream differently, this will drive additional costs into our operation, and potentially alter the value proposition to the cattle industry. We are fearful that the revised rule will have the unintended consequence of driving costs up for either the potato process industry or the cattle industry, and put jobs at risk. Although we cannot speak for our competitors in the potato processing industry, we believe their position would be similar.

We understand and appreciate that the rule change was intended to create a level playing field in the feed industry; however it will potentially impact the food processing industry unless sufficient exemptions are included and maintained. Food processing companies disposing of byproducts not deliberately manufactured or further processed for the feed industry, should only be subject to the registration requirements under the act.

We encourage you to consider our position, and are always available to discuss.

A handwritten signature in black ink, appearing to read "Ian S. Mitchell", with a long horizontal line extending to the right.

Ian S. Mitchell

cc: Jeff McCray (Plant Manager Burley)

September 25, 2012

Mr. Brian J. Oakey,
Deputy Director,
Idaho State Department of Agriculture
2270 Old Penitentiary Road
P.O. Box 790
Boise, Idaho 83701

Mr. Oakey,

I write to submit comments on the proposed temporary and draft permanent rules published Sept. 6, 2012 implementing the changes in the Idaho code resulting from the passage of Senate Bill 1236 during the 2012 session of the legislature. Having participated in every session of the negotiated rule making process through this past summer I offer the following comments.

Exemptions:

I support the draft rules as presented, which do not add any additional exemptions beyond those that are currently listed in the statute. A process should be developed to consider how to add or delete exemptions in the future.

Fees and Reserve:

I support a fee of \$35, or less, rather than the \$45 proposed.

I support a reserve of one year's operating budget, approximately \$700,000, rather than the one million dollars proposed in the draft rule.

I suggested the \$35 level during one of the summer sessions as a starting point for discussion since the department had suggested a fee of \$60. The current reserve in the feed inspection account was approximately 2.16 million dollars of industry money as of July. The current program expenditures are slightly less than \$700,000 per year. At the \$35 level of registration, and with no major change in the number of registrations, approximately \$520,000 of revenue would be generated annually. Even allowing for a one-time cost of \$700,000 to move the laboratory to Twin Falls there would still be adequate reserves to make up the shortfall for more than four years before reaching the \$700,000 reserve level.

Recognizing that this large reserve is industry money already collected, it would seem to be good public policy to draw this number down to a reasonable amount (one year's operating level as several other states have done) by using it to operate the program that it was designated to support.

Senate Bill 1236 resulted in a major restructuring of the feed inspection system in Idaho and there will be adjustments both by the department and by the supplier industry as they adapt to this new system. In addition, there is federal legislation, the Food Safety Modernization Act, that may have a major impact on what Idaho is required to do with feed labeling. The rules for FSMA have not yet been released. Therefore, using the reserve funds for a period of time, and doing a major program review in two years, would seem prudent. Following that review, it may be appropriate to adjust the fee level.

Legal Authority:

The draft rules are identical to the language in the statute giving the department authority to review any statement made on a Website. I would suggest that this may be beyond the department's authority and may be an interstate commerce or freedom of speech question that rests at the federal level. Changing this would require the legislature to revise the statute but the department should review this question before the 2013 session of the legislature.

Idaho has chosen to make a dramatic change in the feed regulation system, which is in exactly the opposite direction of a majority of other states in the country. This major change in the feed registration system in Idaho has totally changed the premise of who should pay, and at what level, to the benefit of some and the detriment of others. As companies evaluate their operations in Idaho there may be unintended consequences to the feed buyers of Idaho, which the state is striving to protect, if companies choose not to do business in Idaho or limit the number of products offered. This decision has been made, and the industry will make adjustments to work within the new system.

I thank the department for using the negotiated rule making process and allowing industry participation. I look forward to changes that may result from this current public comment process.

Sincerely,

Douglas R. Jones

Handwritten notes: "C: Would meet legal"

SEP 25 2012

AG ADMIN

Brian J Oakey
Deputy Director
Idaho State Department of Agriculture
2270 Old Penitentiary Road
PO Box 790
Boise Idaho 83701

RECEIVED

SEP 25 2012

LEGAL BUREAU
IDAHO DEPARTMENT OF AGRICULTURE

September 19, 2012

To Whom It May Concern,

The following are comments on the proposed changes to the Idaho Commercial Feed Law, more specifically the changes proposed for exemptions. As you know, there were three meeting held on the proposed upcoming changes to exemptions, reporting and fees. While I think the idea of having the meetings, giving those who will be affected the opportunity to express their ideas was a noble idea, I think everyone's time was wasted and the ISDA appears to be moving forward with little to no regard to the input of the general group. In the notes from the first meeting, the comment was made "while the public comment is certainly welcome and will be taken into consideration, ultimately the changes to the rule will be ISDA's decision." I think the "changes to the rule will be ISDA's decision," however the public comment and the public's time has been wasted.

The issues I would like to discuss are with changes to exemptions and the removal of number eight which states:

08. Byproducts or Production Waste. Processing byproducts or production waste, which do not undergo further processing, received by the end user directly from the fuel or food processor, when not adulterated within the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code. This may include wet or pressed beet pulp, pea screenings, and beet discarded molasses.

On the ISDA website, there was an attachment provided by the ISDA for the August 1, 2012 meeting containing multiple pages, one of them being Exemptions from Product Registration. A copy of this is included with this letter. The list here shows the number 8 exemption above being removed and then gives comments and suggestions used to establish the proposed rule. I would like to address these comments.

Comment #1 – Based on the feedback from participants in the second meeting, no additional exemptions are included in the current draft of the rule. I attended the second meeting via phone and have re-read the notes to the second meeting several times. The only comments in the second meeting dealing with exemptions were those of Mr. Knights – "With the help of Randy MacMillan and Leah Wilkinson, the goal is to try to memorialize what the exemptions should be and how to identify them in rule. Mr. Knight stated that he has learned that lots of byproducts are being shipped directly to end users, and this issue needs to be revisited." From there Mr. Knight directed the discussion to fees and kept the entirety of the meeting on this topic. Giving these facts, I find it hard to see where "feedback from the second meeting" had anything to do with the changes to the exemptions.

Comment #2 – Participants in the discussion voiced concern that if products are exempt from registration, ISDA would not be aware of the products in the market place. An example of a byproduct that can be exempt under section eight is pressed beet pulp. If you have sugar beet fields, and a sugar factory, does it take a registration fee to know that you will have pressed pulp in the market place? The registration and subsequent fee under the new guidelines will not have tonnage reports, customers, or any other general information. I would hope that part of the reasoning of having it registered is not to establish its existence when this is a given.

Comment #3 – Participants have also voiced concern that food processing byproducts could have more of a food safety link under the federal Food Safety Modernization Act (FSMA), and should be registered and sampled in anticipation of yet to be announced requirements and priorities under new FSMA regulations. I re-read all the minutes of the meetings and the FSMA was brought up once by Mr. MacMillan in the first meeting on July 11th. I think to say participants (plural) voiced concern is an exaggeration that is being used to generalize this as the thoughts of the group. Also, while I am in favor of being pro-active when prudent, I think caution should be used when being pro-active means further regulating or restricting what people and industry do in our state. I think the more common sense approach would be to see where the actual rulings from FSMA comes down at and then adjust “if needed” at this time. This could prevent proposed laws from overstepping the needed requirements to comply with the FSMA requirements.

In the end, as stated in the first meeting, the changes will be the decision of the ISDA and it appears this will be done with little to no input from public comment. Our point of view is that section number eight under exemptions should remain with byproducts, as listed, maintaining their exempt status. These products, as by definition, are “not adulterated,” “not misbranded,” and “received by the end user directly from the fuel or food processor.” The consistency of these products in feed value is usually more so than that of other products (such as hay) that are listed under sections one through seven of the exemptions. Where there is no mixing or adulteration of these products, we feel that the requirement to register and label these products from the ISDA would be unnecessary and excessive. We encourage the consideration of leaving the exempt status of byproducts as outlined in section eight as part of the Idaho Commercial Feed Law and will encourage the head of the ISDA and lawmakers to support us in this consideration.

Thank you,



Monte Quast
General Manager
Carne I Corporation

CC Celia Gould

Exemptions From Product Registration

011. EXEMPTIONS. EXEMPTIONS FROM PRODUCT REGISTRATION SHALL INCLUDE:

01. Unmixed Whole Seeds. Unmixed whole seeds and physically altered entire unmixed seeds, when such whole or physically altered seeds are not chemically changed or are not adulterated within the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code.

02. Seed Mixtures. Seeds mixed and planted as such mixture, grown and harvested as one (1) crop and processed as one (1) mixture when not adulterated within the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code.

03. Hay. All hay, except commercially dehydrated legumes and grasses and when not adulterated within the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code.

04. Straw. Whole or ground straw, stover, silage, cobs, husks, hulls, wet or pressed beet pulp, pea screenings and beet discard molasses when not mixed with other materials and when not adulterated within the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code.

05. Animals. Live, whole or unprocessed animals when not adulterated within the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code.

06. Animal Remedies. Animal remedies when not adulterated within the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code.

07. Minerals. Individual mineral substances when not mixed with another material and when not adulterated within the meaning of section 25-2707, Idaho Code, or misbranded within the meaning of section 25-2708, Idaho Code.

COMMENTS & SUGGESTIONS USED TO ESTABLISH PROPOSED RULE:

- Based on the feedback from participants in the second meeting, no additional exemptions are included in the current draft of the rule.
- Participants in the discussion voiced concern that if products are exempt from registration, ISDA would not be aware of the products in the marketplace.
- Participants have also voiced concern that food processing byproducts could have more of a food safety link under the federal Food Safety Modernization Act (FSMA), and should be registered and sampled in anticipation of yet to be announced requirements and priorities under new FSMA regulations.



Idaho Association of
Commerce & Industry
The Voice of Business in Idaho[®]

cc: Lloyd Knight
legal

RECEIVED

SEP 25 2012

LEGAL BUREAU
IDAHO DEPARTMENT OF AGRICULTURE

September 21, 2012

Celia R. Gould, Director
Idaho Dept. of Agriculture
P. O. Box 790
Boise, Idaho 83701-0790

Dear Director Gould:

We appreciate your staff taking the time to discuss the proposed commercial feed rule with the membership of the IACI Potato Processors Division. This letter is to provide feedback on the new commercial feed rule that was published in the September bulletin, specifically regarding by-products that have previously been exempt from registration.

After lengthy discussion with our committee, the overwhelming consensus was to oppose this change and request that the Department consider maintaining the current exemption. While we are well aware of the potential Food Safety Modernization Act (FSMA) regulations, we believe this issue requires further discussion before changes are made.

Director, we appreciate you and your staff and thank you for the opportunity to submit these comments.

Sincerely,

Alex LaBeau
President

Jayson Ronk
Vice President

cc: Lloyd Knight, Administrator, ISDA Division of Plant Industries
Brad Russell, Chair, IACI Potato Processors Executive Committee

SEP 25 2012

AG ADMIN



September 24, 2012

Brian J. Oakey,
Deputy Director
Idaho State Department of Agriculture
2270 Old Penitentiary Road
P.O. Box 790
Boise, Idaho 83701

Re: Idaho Commercial Feed Rules

The Northwest Food Processors Association represents food processors in Idaho who provide important feed sources to the livestock industry through their processing livestock feed by-product programs. NWFPFA opposes the commercial feed rules published in the September 5, 2012 issue of the Idaho Administrative Bulletin because it removes the food processing exemption to registration as a commercial feed operator.

Processing waste reclamation programs operated by food processors provide high-quality feeds to livestock operations that keep their feeding costs down and reduce costs to food processors for waste disposal. These popular feeding programs are operated on a break-even or low cost recovery basis to divert these processing by-products from landfills and offer a low-cost, high-quality feed source to livestock operations. Increases in the cost of operation through state fees and regulations would increase the cost of the product to livestock operators who are already stressed by feed cost increases because of drought conditions in the Midwest grain producing regions and have a negative impact on jobs and the economy in Idaho.

Food processors anticipate the release of preventive control rules for animal feed by the Food and Drug Administration as mandated by the Food Safety Modernization Act. These rules are expected to increase the cost of producing livestock feeding by-products because of the program requirements that these rules will impose. Additional fees and regulatory costs associated with registration will add to that cost increase without improving the quality or safety of the product.

We urge the ISDA to maintain the exemption for food processing waste in the commercial feed rules. Thank you for this opportunity to comment.

Regards,

A handwritten signature in black ink that reads "Connie Kirby". The signature is written in a cursive style with a large initial "C".

Connie Kirby
Vice President, Scientific and Technical Affairs

Northwest Food Processors Association
8338 NE Alderwood Road
Suite 160
Portland, Oregon 97220
503.327.2200

Melinda Bouldin

From: Lloyd Knight
Sent: Monday, September 24, 2012 12:42 PM
To: Brian Oakey; Melinda Bouldin; Kathryn Mink
Subject: FW: Commercial Feed Program
Attachments: Ltr to ISDA re feed rules 092112.pdf

Lloyd B. Knight, Administrator
Division of Plant Industries
Idaho State Department of Agriculture
Office: (208) 332-8664

From: Sharon Hawkins [mailto:SHawkins@iaci.org]
Sent: Friday, September 21, 2012 10:06 AM
To: Celia R. Gould
Cc: Lloyd Knight; brad.russell@simplot.com; Alex LaBeau; Jayson Ronk; Zach Hauge
Subject: FW: Commercial Feed Program

Good morning, Celia. Please see the attached letter from the IACI Potato Processors Executive Committee regarding the Commercial Feed Rule, and let us know if you have any questions.

Thank you.

Sharon N. Hawkins
Communications Director
Idaho Association of Commerce & Industry
816 W. Bannock Street, Suite 5B (83702)
P. O. Box 389 | Boise, ID 83701-0389
p. 208-343-1849 | f. 208-338-5623 | www.iaci.org



From: Jayson Ronk
Sent: Wednesday, September 19, 2012 1:33 PM
To: Sharon Hawkins; Alex LaBeau; Zach Hauge
Subject: FW: Commercial Feed Program

From: Lloyd Knight [mailto:Lloyd.Knight@agri.idaho.gov]
Sent: Wednesday, August 08, 2012 4:04 PM
To: Jayson Ronk; brent@mpidaho.com
Subject: Commercial Feed Program

Brent and Jayson –

We will be publishing a new Commercial Feed rule in the September bulletin. As Brent knows from his participation, there was discussion about how to handle by-products that were previously exempt from registration. Examples would include potato waste, whey, or ethanol by-products that were previously exempt under a provision in statute that exempted high-moisture food processing byproducts from registration and tonnage reporting.

The group that participated in the negotiated rulemaking was concerned that with the upcoming Food Safety Modernization Act (FSMA) regulations, exemption of by-products might not be looked on favorably. So, that group recommended requiring registration.

Registration includes the development of a feed label and a one-time registration for each product. That fee covers our review of the product label and it funds our testing and enforcement efforts.

I have directed my staff to begin outreach efforts to the manufacturers and distributors of these products. I suspect that those that pushed for exemption in the past may have done so largely because of the tonnage fee on these products, and that tonnage fee is no longer in place because of the shift to a registration only program.

At any rate, give me a shout if you want to discuss further any concerns related to this.

Thanks.

Lloyd B. Knight, Administrator
Division of Plant Industries
Idaho State Department of Agriculture
Office: (208) 332-8664



Idaho Association of
Commerce & Industry
The Voice of Business in Idaho®

September 21, 2012

Celia R. Gould, Director
Idaho Dept. of Agriculture
P. O. Box 790
Boise, Idaho 83701-0790

Dear Director Gould:

We appreciate your staff taking the time to discuss the proposed commercial feed rule with the membership of the IACI Potato Processors Division. This letter is to provide feedback on the new commercial feed rule that was published in the September bulletin, specifically regarding by-products that have previously been exempt from registration.

After lengthy discussion with our committee, the overwhelming consensus was to oppose this change and request that the Department consider maintaining the current exemption. While we are well aware of the potential Food Safety Modernization Act (FSMA) regulations, we believe this issue requires further discussion before changes are made.

Director, we appreciate you and your staff and thank you for the opportunity to submit these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Alex LaBeau".

Alex LaBeau
President

A handwritten signature in black ink, appearing to read "Jayson Ronk".

Jayson Ronk
Vice President

cc: Lloyd Knight, Administrator, ISDA Division of Plant Industries
Brad Russell, Chair, IACI Potato Processors Executive Committee