

# FEED TONNAGE & INSPECTION FEE REPORTING

WI Dept. of Ag, Trade, Consumer Protection  
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# BACKGROUND

- ▶ Originally, the intent was for the very first manufacturer of a commercial feed to pay the inspection fees & report the tonnage.
  - ▶ Example: A California soybean processor sells soybean meal, and that soybean meal eventually ends up in Wisconsin with the CA label, the CA processor is responsible for the inspection fees; regardless of how many times the soybean meal changes hands en-route to WI.
- ▶ Today's industry size, the specialization of firms, and the confidentiality of business transactions differ greatly from the time period when the Wisconsin tonnage regulations were first written.

# CURRENT PROJECT

- ▶ In brief, feed tonnage reporting and inspection fee collection are defined/described within State Statute. Any changes to this statute must occur through the legislative process. In the upcoming months, the Division and several representatives from industry will review different tonnage reporting/inspection fee collection options, and evaluate those options for the one best suited to current feed commerce practice.
- ▶ During the analysis of these options, and until any changes occur, the Division will continue to work with industry to achieve a better understanding of the current process.



# HANDOUTS

- ▶ Part I: Question & Answer Document
- ▶ Part II: Flow Chart
- ▶ Example Tonnage Report



# IMPORTANT DEFINITIONS:

## COMMERCIAL FEED

- ▶ means all products or materials used or distributed for use as a feed or an ingredient in the mixing or manufacturing of feed for animals or birds, except the following:
  1. Unmixed whole seeds or grains; as defined by United States grain standards.
  2. The unmixed meals made directly from and consisting of the entire grains of corn, wheat, rye, barley, oats, buckwheat, flaxseed, kafir, milo and other seeds or grains.
  3. Whole hays, straws, cottonseed hulls, stover and silage, when unmixed with other materials.
  4. Meat and other portions of animal carcasses in their raw or natural state without further processing except freezing or denaturing.



# CLARIFICATION OF UNMIXED MEALS

- ▶ ATCP 42.01(2)(b) states, “unmixed ground corn, wheat, rye, barley, oats, buckwheat, flaxseed, kafir, milo, or other unmixed ground seeds or grain.”
- ▶ The Association of American Feed Control Officials (AAFCO) defines
  - ▶ Meal. (physical form) An ingredient which has been ground or otherwise reduced in particle size.
  - ▶ Ground, grinding. (Process) Reduced in particle size by impact, shearing, or attrition.
- ▶ *Therefore, the definition of commercial feed exempts only unmixed **physically** processed seeds when referring to meals of, or ground, entire seeds.*
  - ▶ *Unmixed, chemically changed whole seeds or meals of the entire seed are not exempt from commercial feed.*

# CLARIFICATION OF UNMIXED MEALS

(CON'T'D)

- ▶ Therefore, the definition of commercial feed exempts only unmixed **physically** processed seeds when referring to meals of, or ground, entire seeds.
  - ▶ Unmixed, chemically changed whole seeds or meals of the entire seed are not exempt from commercial feed.
- ▶ Example:
  - ▶ Physically processed: ground corn, flaked corn, rolled corn
  - ▶ Chemically changed: steamed corn, roasted soybeans
  - ▶ Neither – individually defined ingredient due to not being the entire seed: soybean meal



# CUSTOM-MIX FEED

- ▶ means commercial feed consisting of a mixture of commercial feeds or feed ingredients mixed on a custom basis at the request of the final purchaser at retail, and containing only commercial feed or feed ingredients in quantities and proportions as specifically directed by the purchaser in requesting the custom-mixing of the feed.
- ▶ NOT formulated by a mill-employed nutritionist; either formulated by the customer him/her-self, or by an independent nutritionist.



# MILL-FORMULATED FEED

- ▶ means a commercial feed consisting of a mixture of commercial feeds or feed ingredients mixed on an individual basis by the feed manufacturer or labeler according to a feed formula devised and prepared by the manufacturer or labeler for a final retail customer of the manufacturer or labeler.
- ▶ **Can be either “branded” feed (a/k/a floor-stock feed) OR custom-mixed feed.**







## DISTRIBUTE

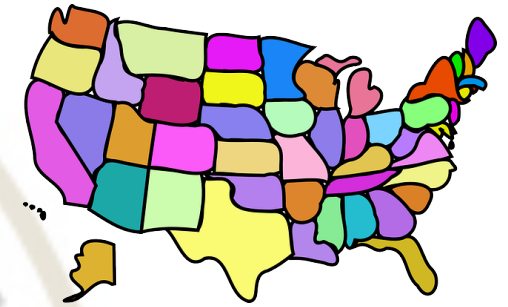
means to sell, offer to sell, exchange, barter or solicit orders for the sale of a feed product or otherwise to supply or furnish a feed product to purchasers in this state, whether or not the sales or transactions are made wholly or partially in this state or another state.



# REPORTABLE DISTRIBUTIONS

1. Inventory purchased as 'commercial feed labeled by other licensees' and sold as any type of commercial feed
  - A. Includes non-exempt buyer and exempt-buyer licensees
2. Any grain inventory (unprocessed, chemically changed or physically changed) manufactured into and distributed as branded or mill-formulated feeds
3. Grain inventory manufactured into and distributed as custom-mix feeds where the grains were processed, chemically or physically changed in the outgoing mix
4. Inventory purchased as 'edible (human food)-grade product' and sold as any type of commercial feed

# OUT-OF-STATE DISTRIBUTIONS



1. Transactions involving an out-of-state distribution are reportable on the tonnage and inspection fee report.
2. The same “fees due/fees not due” and “reportable/not reportable” criteria apply to out-of-state distributions.
3. The only licensees able to claim credit for out-of-state distributions are those granted exempt-buyer status by DATCP.

# DISTRIBUTIONS NOT REPORTABLE

1. Whole grain inventory manufactured into and distributed as custom-mix feeds where the grains remained whole and unprocessed (chemically or physically) in the outgoing mix
2. Any grain bank grain (processed or unprocessed)





FROM YOUR FELLOW INDUSTRY MEMBERS:

## THOUGHT PROCESS EXAMPLE #1

1. Procrastinate (just kidding!)
2. Figure out what was sold during the year.
3. Figure out the corn and oats (etc.) brought in as grains and sold as feed.
4. Figure out the whole corn and whole oats (etc.) that went out as custom-mixed feed and subtract it from #3.
  - A. Do not include any chemically or physically changed grains/seeds in the total for #4.

The seal of the Wisconsin Department of Agriculture, Trade and Consumer Protection is a large, faint watermark in the background. It is a circular emblem with the words "DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION" around the top and "WISCONSIN" at the bottom. In the center is a shield featuring a farmer on the left and a worker on the right, with a banner above them that says "FORWARD".

# FROM YOUR FELLOW INDUSTRY MEMBERS:

## THOUGHT PROCESS EXAMPLE #2

1. Assume inventory is stable. (Carryover is equal from year to year.)
2. Schedule A can be based upon purchases.

NOTE: The tonnage report is asking for Sales of commercial feed, not purchases. However, the idea behind using purchases (assuming inventory carryover at year end is stable) is that purchases are often an easier number to calculate accurately.

3. Subtract out (from Schedule A quantity, before filling Schedule A in) the whole grain that went out in custom-mixes.

FROM YOUR FELLOW INDUSTRY MEMBERS:

## THOUGHT PROCESS EXAMPLE #3

1. Pull a system report of feed tons sold in the calendar year.
2. Review vendors; if not stated on invoices "inspection fees paid," telephone vendor to determine if fees paid.
3. Pay on all mill-formulated (whole, chemically changed, and physically changed grains, edible-grade ingredients, and ingredients labeled by unlicensed (in WI) manufacturers); custom-mixes only, are treated differently.
4. Which of the commercial feeds sold were custom-mixes with whole (unprocessed) grains? (Subtract the quantity out.)



# EXAMPLE TONNAGE REPORT

## (Step 1) Schedule A: Total Commercial Feed Distributed

- Itemize all commercial feed or feed ingredients **your firm was first to distribute** during the calendar year, in Wisconsin.
- Include all commercial feed or feed ingredients which were already assessed the inspection fee, sold to registered Exempt Buyers, and sold out of Wisconsin. The list of registered Exempt Buyers is on page 4.
- Less than 1 ton may be reported in this step; rounding will occur in Step 5 (on Page 1).

| <b>Total Feed and Feed Ingredients Distributed</b>   |              |   |                         |              |              |
|--|--------------|---|-------------------------|--------------|--------------|
| NOTE: Do not include: (1) prepackaged feed or feed ingredients sold as retail; (2) unmixed whole seeds or grains, or (3) unmixed ground seeds or grains, as defined by U.S. grain standards. |              |   |                         |              |              |
|  | Product Code | Tons  |                         | Product Code | Tons         |
| Small Animal & Pet Foods   | 30           |   | Marine Products         | 45           |              |
| Alfalfa Products   | 34           | #1: 40  | Milk Products           | 46           |              |
| Animal Products  | 35           |   | Mineral Products        | 47           |              |
| Barley Products  | 36           | #5: whole seed in custom mix<br>do not report | Molasses Products       | 48           |              |
| Brewery Products   | 37           |   | Oat Products            | 49           | #3: 6        |
| Citrus Products  | 38           |   | Rye Products            | 50           |              |
| Corn Products  | 39           | (#5: 3; #2: 8) 11                             | Soybean Products        | 51           |              |
| Cottonseed Products  | 40           |   | Vitamins                | 52           | #4: 1        |
| Distillers Products  | 41           |   | Wheat Products          | 53           | #6: 30       |
| Fat & Oil Products   | 42           |   | Miscellaneous Products  | 54           |              |
| Grain Sorghum Products   | 43           |   | Pre-mixes               | 59           |              |
| Linseed & Flax Products  | 44           |   | <b>Schedule A Total</b> |              | <b>88</b> A1 |

Example #1: purchased bulk Alfalfa pellets (40 ton)

Example #2: whole corn in floor stock feeds (8 ton)

Example #3: whole oats, crimped and used in mill-formulated feed (6 ton)

Example #4: vitamin premix purchased for and used in custom-mix feed (1 ton)

Example #5: whole barley and steamed, flaked corn in custom-mix feed (barley - 1 ton; corn - 3 ton)

Example #6: sold 30 ton whole wheat to Exempt Buyer

(40+11+6+1+30)

# EXAMPLE TONNAGE REPORT

| License # - Required<br>(Licensee list available<br>online or upon request)   | Office<br>Use<br>Only | Company Name<br>(name of company that paid the inspection fee or that is<br>a registered Exempt Buyer)<br>(Exempt Buyer list available online or upon request) | City, State   | Prepaid Tons<br>Purchased | Tons Distributed to<br>Exempt Buyers |
|---|-----------------------|--|---------------|---------------------------|--------------------------------------|
| Please refer to the example immediately above before filling out this table.  |                       |  |               |                           |                                      |
| Example #1  |                       | Alfalfa Manufacturer (licensed in WI)  | Somewhere, MT | 40                        |                                      |
| Example #4  |                       | Vitamin Premix Company (licensed in WI)  | Somewhere, MI | 1                         |                                      |
| Example #6  |                       | Exempt Buyer (per WI DATCP list)   | Somewhere, WI |                           | 30                                   |
|   |                       |  |               |                           |                                      |
|   |                       |  |               |                           |                                      |
|   |                       |  |               |                           |                                      |
| <p>Example #1: purchased bulk Alfalfa pellets (40 ton)</p> <p>Example #2: whole corn in floor stock feeds (8 ton)</p> <p>Example #3: whole oats, crimped and used in mill-formulated feed (6 ton)</p> <p>Example #4: vitamin premix purchased for and used in custom-mix feed (1 ton)</p> <p>Example #5: whole barley and steamed, flaked corn in custom-mix feed (barley - 1 ton; corn - 3 ton)</p> <p>Example #6: sold 30 ton whole wheat to Exempt Buyer</p> |                       |  |               |                           |                                      |
|   |                       |  |               |                           |                                      |
|   |                       |  |               |                           |                                      |
|   |                       |  |               |                           |                                      |
|   |                       |  |               |                           |                                      |
| Prepaid Tons – Credit Total   |                       |  |               | 41                        | B1                                   |
| Exempt Buyer Tons – Credit Total  |                       |  |               |                           | B2                                   |
| Sum of Prepaid Tons and Exempt Buyer Tons <sup>2</sup> - (B1 + B2)  |                       |  |               | 71                        | B3                                   |

# EXAMPLE TONNAGE REPORT

**Inspection Fee Payment Calculation<sup>1</sup>** – Use Schedules A and B to fill out the calculations below, and return this report, with fee payment, to the address below by **February 28, 2016**.

1. Total tons of commercial feed distributed: *Line A1 of Schedule A*  
(for distributions of 1 lb. - 2,000 lbs. enter 1 Ton) ..... Line 01 88 tons
  2. Total tonnage credits: *Line B3 of Schedule B* ..... Line 02 71 tons
  3. Net tonnage: (Round up to the nearest whole ton) *Line 01 minus Line 02* ..... Line 03 17 tons
  4. Inspection fee due: *Line 03 x \$0.25 (per ton)* ..... Line 04 \$ 4.25
  5. Late filing penalty fee: For inspection fee payments postmarked after **February 28, 2016**,  
*Line 04 x 10% OR \$10.00, whichever is greater* ..... Line 05 \$ 0.00
  6. **Total tonnage fees due:** Inspection fees of \$0.25 are due on distributions of 1 pound to 2,000  
pounds. *Line 04 + Line 05* ..... Line 06 \$ 4.25
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THANK YOU  
QUESTIONS?

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