

FISCAL ESTIMATE DOA-2048 (R 10/94)	<input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> UPDATED <input type="checkbox"/> CORRECTED <input type="checkbox"/>	LRB or Bill No. / Adm. Rule No. Ch. ATCP 100
		Amendment No. (If Applicable)
SUPPLEMENTAL		

Subject:
 Milk Contractors; Agricultural Producer Security Fund Assessment Exemption

Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect Check below only if bill makes a direct appropriation or affects a sum sufficient appropriation. <input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriation <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriation	<input type="checkbox"/> Increase Costs – May be possible to absorb within agency’s budget? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local : <input checked="" type="checkbox"/> No local government costs 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Gov. Unit Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Counties <input type="checkbox"/> Cities <input type="checkbox"/> Other: <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Source Affected: <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations: 20.115 (1)(q)
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Assumptions Used in Arriving at Fiscal Estimate

The Agricultural Producer Security Fund (APSF) is a public trust administered by the Department of Agriculture, Trade and Consumer Protection (“Department”). Milk contractors, grain dealers, grain warehouse keepers and vegetable contractors (collectively known as contractors) must purchase a license to obtain milk, grain and vegetables, respectively, from producers, and most contractors are required to contribute to the APSF annually. Funds are used to settle claims by producers in the event that a contractor defaults on payment or fails to return grain held in storage. Funds from each industry are accounted for separately and deposited into the overall fund. Ch. 126, Stats., establishes detailed fund assessment requirements, except that it requires the Department to establish milk contractor fund assessments by rule. Ch. 126, Stats., sets minimum fund balances for each industry, as well as a minimum balance requirement for the overall fund.

Section ATCP 100.135 (10) of the Wisconsin Administrative Code, establishes a fund assessment exemption for milk contractors. To be eligible, a licensee must have been a contributing milk contractor in each of the preceding five license years. The exemption does not apply if the fund balance attributable to milk contractors was less than \$6 million on February 28 of the preceding license year. The exemption also does not apply if the overall fund balance (which includes contributions from milk, grain and vegetable contractors) was less than \$11 million on February 28 of the preceding license year. Section 126.88, Stats., sets the overall fund minimum balance at \$5 million.

In 2014 and 2015, defaults in the vegetable and milk industries totaled \$7.2 million, causing the overall fund balance to drop substantially. With the overall fund balance well below the \$11 million minimum currently set in administrative code, the milk contractor industry will not be eligible for fund assessment exemptions for an estimated 5-6 years.

The Department and the Agricultural Producer Security Council (APS Council) identified the need to evaluate the entire APSF, so that changes can be made to mitigate the impact of large defaults in the future. In December 2015, the Department received an actuarial study of the APSF and began working with the APS Council to develop recommendations for permanent changes to the agricultural producer security program.

This rule ensures the continuation of the fund assessment exemption for milk contractors. Without this emergency rule, licensed milk contractors would otherwise be required to pay an additional \$590,000 - \$1,190,000 during the 2016 license year, taking on the burden of repaying a large portion of the APSF overall fund balance.

License years for milk contractors begin on May 1. If the Department fails to adopt this emergency rule before May 1, 2016, the milk contractor industry will not be eligible for fund assessment exemption until the producer security overall fund balance exceeds \$11 million.

The proposed rule will slow the growth of the overall fund balance, which will result in fewer funds available to producers in the milk, grain and vegetable industries in the event of future large defaults.

Long - Range Fiscal Implications

There are no long-term implications of implementing this emergency rule.

Agency Prepared by (Name & Phone No.):
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(608-224-5164)

Authorized Signature:

Date:

April 4, 2016

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect DOA-2047 (R10/94) ORIGINAL UPDATED CORRECTED SUPPLEMENTAL

LRB or Bill No/Adm. Rule No. ATCP 100	Amendment No.
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SUBJECT
Emergency Rule

I. One-time Cost or Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Cost:	Annualized Fiscal Impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
1. State Operations - Salaries and Fringes	\$-0	\$ - 0
2. (FTE Position Changes)	(FTE)	(- FTE)
3. State Operations - Other Costs		
4. Local Assistance		- 0
5. Aids to Individuals or Organizations	0	- 0
TOTAL State Costs by Category	\$-0	\$ - 0
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
1. GPR	\$	\$ - 0
2. FED	0	- 0
3. PRO/PRS	0	- 0
4. SEG/SEG-S	\$-0	- 0
III. State Revenues -	Increased Revenue	Decreased Revenue
Complete this section only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fees)		
• GPR Taxes	\$ 0	\$ - 0
• GPR Earned	0	- 0
• FED	0	- 0
• PRO/PRS	0	- 0
• SEG/SEG-S	0	- \$1,190,000
TOTAL State Revenues	\$ 0	\$ - \$1,190,000

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ <u>0</u>	\$ <u>0</u>
NET CHANGE IN REVENUES	\$ <u>\$1,190,000</u>	\$ <u>0</u>

Agency Prepared by (Name & Phone No.): DATCP / David A. Woldseth (608-224-5164)	Authorized Signature:	Date: April 4, 2016
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