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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2003-04

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Agriculture...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (August 2012)

Assembly

Record of Committee Proceedings

Committee on Agriculture

Assembly Bill 349

Relating to: the agricultural producer security program, granting rule-making authority, and making an appropriation.

By Representatives Ott, Ainsworth, Bies, Gronemus, Gunderson, Hahn, Hines, Kestell, Krawczyk, Loeffelholz, Musser, Owens, Pettis, Suder, Towns, Townsend, Ward, Freese and Petrowski; cosponsored by Senators Brown, Schultz and Lassa.

May 20, 2003 Referred to Committee on Agriculture.

June 12, 2003 **PUBLIC HEARING HELD**

Present: (15) Representatives Ott, M. Williams, Ainsworth, Petrowski, Kestell, Suder, Hines, Loeffelholz, Towns, Gronemus, Plouff, Balow, Vruwink, Hebl and Steinbrink.

Absent: (0) None.

Appearances For

- Senator Ron Brown, State Senate
- Jim Matson, DATCP, Madison
- Eric Hanson, DATCP, Madison
- John O'Brien, Office of State Senator Dale Schultz

Appearances Against

- None.

Appearances for Information Only

- None.

Registrations For

- Judy Kellr, WI Cheese Makers Association, Madison
- Doug Caruso, WI Farmers Union
- Ron Statz, NFO, Prairie du Sac
- Paul Zimmerman, WI Farm Bureau Federation, Madison
- Ron Kuehn, WI Pork Producers, WI Potato & Vegetable Growers, WI Cranberry Growers, WI Muck Farmers, WI Agriservice Association
- John Manske, WI Federation of Cooperatives

Registrations Against

- None.

June 12, 2003

EXECUTIVE SESSION HELD

Present: (15) Representatives Ott, M. Williams, Ainsworth, Petrowski, Kestell, Suder, Hines, Loeffelholz, Towns, Gronemus, Plouff, Balow, Vruwink, Hebl and Steinbrink.

Absent: (0) None.

Moved by Representative Gronemus, seconded by Representative M. Williams that **Assembly Amendment 1** be recommended for introduction.

Ayes: (15) Representatives Ott, M. Williams, Ainsworth, Petrowski, Kestell, Suder, Hines, Loeffelholz, Towns, Gronemus, Plouff, Balow, Vruwink, Hebl and Steinbrink.

Noes: (0) None.

**INTRODUCTION OF ASSEMBLY AMENDMENT 1
RECOMMENDED, Ayes 15, Noes 0**

Moved by Representative Gronemus, seconded by Representative Loeffelholz that **Assembly Amendment 1** be recommended for adoption.

Ayes: (15) Representatives Ott, M. Williams, Ainsworth, Petrowski, Kestell, Suder, Hines, Loeffelholz, Towns, Gronemus, Plouff, Balow, Vruwink, Hebl and Steinbrink.

Noes: (0) None.

**ASSEMBLY AMENDMENT 1 ADOPTION RECOMMENDED,
Ayes 15, Noes 0**

Moved by Representative M. Williams, seconded by Representative Gronemus that **Assembly Bill 349** be recommended for passage as amended.

Ayes: (15) Representatives Ott, M. Williams, Ainsworth, Petrowski, Kestell, Suder, Hines, Loeffelholz, Towns, Gronemus, Plouff, Balow, Vruwink, Hebl and Steinbrink.

Noes: (0) None.

PASSAGE AS AMENDED RECOMMENDED, Ayes 15, Noes 0


Beata Kalies, Committee Clerk

Vote Record

Committee on Agriculture

Date: 6/12/03

Moved by: Williams

Seconded by: Gronemus

AB 349

SB _____

Clearinghouse Rule _____

AJR _____

SJR _____

Appointment _____

AR _____

SR _____

Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for: as amended

- Passage
- Adoption
- Confirmation
- Concurrence
- Indefinite Postponement
- Introduction
- Rejection
- Tabling
- Nonconcurrency

Committee Member	Aye	No	Absent	Not Voting
Representative Alvin Ott	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Mary Williams	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative John Ainsworth	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Steve Kestell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Scott Suder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative J.A. Hines	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Gabe Loeffelholz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Debra Towns	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Barbara Gronemus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Joe Plouff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Larry Balow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Amy Sue Vruwink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Tom Hebl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative John Steinbrink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: 15 0 0 0

Motion Carried Motion Failed

Vote Record

Committee on Agriculture

Date: 6/12/03

Moved by: Gronemus

Seconded by: Williams

AB 349

SB _____

Clearinghouse Rule _____

AJR _____

SJR _____

Appointment _____

AR _____

SR _____

Other _____

A/S Amdt 1 (a.0651)

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrency

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Alvin Ott	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Mary Williams	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative John Ainsworth	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Steve Kestell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Scott Suder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative J.A. Hines	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Gabe Loeffelholz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Representative Joe Plouff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Representative Amy Sue Vruwink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Tom Hebl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative John Steinbrink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: 15 0 0 0

Motion Carried Motion Failed

Vote Record

Committee on Agriculture

Date: 6/12/03

Moved by: Gronemus

Seconded by: Loeffelholz

AB 349 SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt 1 _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:
 Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Alvin Ott	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Representative Barbara Gronemus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Joe Plouff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Larry Balow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Amy Sue Vruwink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Tom Hebl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative John Steinbrink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: 15 0 0 0

Motion Carried Motion Failed





Wisconsin Federation of Cooperatives

131 West Wilson Street, Suite 400, Madison, WI 53703
Phone: 608.258.4400 Fax 608.258.4407 www.wfcmac.org wfcmac@wfcmac.org

Date: ^{6/12} May 29, 2003
To: Chairman Al Ott and Members, Assembly Committee on Agriculture
From: William L. Oemichen, President & CEO &
John T. Manske, Director of Government Relations *Bill Oemichen*
RE: Support of Assembly Bill 349

The Wisconsin Federation of Cooperatives thanks Chairman Ott for scheduling a prompt hearing on AB 348, an important bill introduced May 20 with many committee members as co-authors. The Federation of Cooperatives is testifying in support of AB 349 because we are confident this legislation will meet the key goals of 2001 Wisconsin Act 16, the legislation creating the current Agricultural Producer Security (APS) law.

As committee members are aware, the Department of Agriculture, Trade & Consumer Protection has been unable to obtain surety bonds to insure any part of the risk of default. For this reason, we believe an alternative mechanism must be approved to provide backup to the APS fund that will protect producers in the event of vary large or multiple business failures. This producer protection is certainly critical and we believe this legislation provides an appropriate alternative approach. At the same time, the alternative should allow DATCP to release over \$90 million of security posted by approximately 28 businesses, including 14 milk contractors. This second consideration is also key for WFC members as they recall that proponents of the APS law touted that a major feature of the legislation was to deliver substantial financial relief to business covered under the proposal. Instead, the cost to maintain over \$108 million of security by numerous businesses has been continued even after they became contributors to the APS fund.

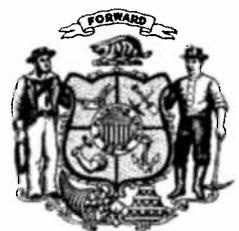
As many of you recall, I was Administrator of the Division of Trade and Consumer Protection at DATCP when former Secretary Ben Brancel initiated the process that led to the APS law that we have on the statutes today. In a January 8, 1998 memo to the Board of Agriculture, Trade and Consumer Protection, Ben and I presented preliminary information about what was to become the new legislation. Among the reasons we asked for changing the existing law was to maintain and/or increase protection to producers and to reduce "overall costs to industry, producers and industry-related business." We projected that approximately "\$150 million of industry working capital restricted under the existing security programs could be freed up." Because of circumstances beyond anyone's control, this has not happened. Today, you can help make that prediction of savings move closer to reality for many by authorizing DATCP to acquire contingent financial backing to take the place of the unavailable surety bonds.

On Tuesday of this week the WFC Dairy Legislative & Regulatory Committee passed a motion to endorse AB 349. The committee is comprised of most of the larger dairy cooperatives doing business in Wisconsin. In addition, my colleague John Manske has worked with the 9 other appointed individuals on the Agricultural Producer Security Council, as they have worked cooperatively to help ensure that the APS program truly delivers producer security and cost savings to the industries covered by the law. AB 349 is a key part of delivering on the promise that Ben and I made 5 years ago. I urge your support for this legislation.

Thank you for your attention and I will be happy to respond to any questions you may have.



WISCONSIN STATE LEGISLATURE



Kalies, Beata

From: Lovell, David
Sent: Wednesday, June 11, 2003 3:29 PM
To: Kalies, Beata
Subject: FW: Language for DATCP bill

David L. Lovell, Senior Analyst
Wisconsin Legislative Council Staff
608/266-1537

-----Original Message-----

From: Sklansky, Ron
Sent: Wednesday, June 11, 2003 2:34 PM
To: Lovell, David
Subject: FW: Language for DATCP bill

-----Original Message-----

From: Wolff, Michael
Sent: Wednesday, June 11, 2003 1:53 PM
To: Sklansky, Ron
Subject: FW: Language for DATCP bill

Ron - I forgot to cc you on this e-mail. "Dave" here is a lawyer at Foley who does some of the state work, most recently the language for the appropriation-backed pension obligation bonds.

Michael Wolff

-----Original Message-----

From: Wolff, Michael
Sent: Wednesday, June 11, 2003 1:36 PM
To: 'dryan@foleylaw.com'
Cc: Matson, James K DATCP; Knapp, Barb H DATCP; 'Reed Groethe'; Hoadley, Frank
Subject: Language for DATCP bill

Dave - I spoke to Jim Matson, the general counsel at Ag. He concurred with the recommendations we discussed this morning. What we agreed on was:

Adding specificity in authorization, i.e., "after the Secretary of the Department has determined that the balance in the fund is insufficient to pay claims from the fund, the Department may enter into [agreements/contracts/notes/obligations?] to address the shortfall..." or some such language that you would recommend.

Adding language that clarifies that any obligations entered into would be subject to and payable only from appropriations from the agricultural producer security fund under 20.115(1)(wc) and would not be obligations general or otherwise of the state or any administrative or political subdivision.

Perhaps other language that you feel would enhance enforceability or would give comfort to a lender or LOC provider, while maintaining the minimalist approach.

Jim has agreed to provide DOA with documentation surrounding any such transaction and to involve us prior to any transaction that would entail a publicly-offered security (they have no intention of anything like that at present).

For further questions, Jim's number is 608-224-5022

6/12/03 Message from David Lovell -

Becia, will do all she can to draft

(Email
has language
already)

Mark P can explain & Dites staff

will testify to the language as well...

Call from David Lowell

6/11/03 4PM

re: AB 349 / SB 173

amendment

Ron Sklanitz caught some
info that may be a problem.

Limit on incurrence of debt
state can argue.

(constitutionally controlled)

Bill is authorizing rather
broadly.

John O'Keefe - Senator Schulz
may be able to make the
change on Senate floor.

Beery knows, Jim Mattson knows
will do amendment.





**SB 173/AB 349 – Producer Security Fund
Testimony by Senator Ron Brown
Assembly Agriculture Committee Hearing
June 12, 2003**

Representative Ott and members of the Assembly Agriculture Committee, thank you for allowing me to submit testimony in support of AB 349/SB 173, the Producer Security Fund Bill.

As all of you know, our agricultural community in Wisconsin is struggling. The average family farm is having difficulty making ends meet and current economic times have exacerbated an already difficult livelihood. We've all heard stories of 2nd and 3rd generation farmers who have had to quit the business, simply because they couldn't afford to continue. During these times, the last thing farmers should have to worry about is whether or not their processor will go bankrupt.

The goal of AB 349/SB 173 is to make sure that farmers who sell their crops to processors will not be left "holding the bag" if a processor or contractor cannot meet its financial obligations. The Producer Security Fund was initially set up by the Department of Agriculture, Trade, and Consumer Protection (DATCP) to ensure that farmers would continue to get paid even if the processor couldn't pay the farmer.

Statutory language requires that the Producer Security Fund have back-up security through surety bonds. Unfortunately, the bond market is so bad right now that DATCP can't get any surety bonds and Wisconsin farmers are vulnerable in case a larger processor goes under. AB 349/SB 173 would allow DATCP to find other financial ways of securing the fund, like cash loans or credit, to get the back-up security it needs and protect our farmers.

An additional advantage of allowing DATCP to find other means of back-up security is that it would relieve many processors from additional expenses and regulatory burdens. Since the Producer Security Fund did not exist until 2001, processors who bought milk, grain or vegetables had to buy their own bonds to cover the crop investment. Since DATCP could not secure the back-up security through surety bonds, many of the processors had to buy their own bonds AND pay into the Producer Security Fund. As a small business owner, I know that having capital tied up in fees and regulatory bureaucracy can cripple expansion and output. Rectifying this overlap would substantially help smaller milk, grain and vegetable processors.

As we wrestle with the budget, it's encouraging to know that we can assist Wisconsin farmers and processors without spending tax dollars. By passing AB 349/SB 173, we can help the processing industry and protect Wisconsin's finest resource: agriculture.

Thank you for your support.

Ron Brown
State Senator
31st Senate District



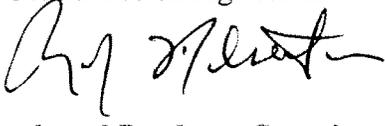


State of Wisconsin
Jim Doyle, Governor

Department of Agriculture, Trade and Consumer Protection
Rod Nilsestuen, Secretary

DATE: June 12, 2003

TO: Members of the Assembly Committee on Agriculture

FROM: Rod Nilsestuen, Secretary 

SUBJECT: **Assembly Bill 349 -- Agricultural Producer Security**

Thank you for considering AB 349. The Department of Agriculture, Trade and Consumer Protection (DATCP) enthusiastically supports this bill. In addition, both the Board of Agriculture, Trade and Consumer Protection and the Agricultural Producer Security Council have approved the bill.

This bill modifies the agricultural producer security program under ch. 126, Stats. That program has created an indemnity fund to pay producers injured in financial defaults by grain dealers, grain warehouse keepers, milk contractors and vegetable contractors. Contractor assessments finance the fund. Assessments are based on contractor size, financial condition and risk practices. DATCP administers the fund, which has a current balance of approximately \$3.9 million (the balance is growing).

Below, you will find a brief summary of the bill provisions and an explanation of why it is important:

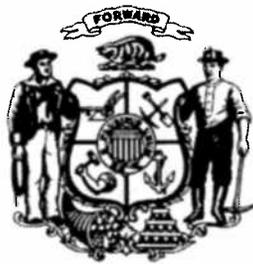
- *Authorizes DATCP to obtain alternative backup security for the fund, to cover catastrophic defaults that exceed the fund capacity.*
 - DATCP may obtain a guaranteed "line of credit" in lieu of surety bonds (which are not currently available because of 9/11, Enron, the stock market collapse and other factors). DATCP may acquire up to \$17 million in backup security with fund proceeds. If DATCP draws on the "line of credit" to pay producers, DATCP must repay the loan from the fund over time.
 - When backup security is in place, DATCP will be able to release nearly \$90 million in individual security filed by 28 large contractors. The individual security is currently needed to protect producers, because there is no backup security for the fund. These 28 contractors now "pay twice," because they are also required to pay assessments to the fund (collectively, they currently contribute about half of all assessments to the fund). One or 2 of the largest contractors may soon each pay nearly \$500,000 in annual fund assessments.

Wisconsin Food and Agricultural Products - \$40 Billion for Wisconsin's Economy

2811 Agriculture Drive • PO Box 8911 • Madison, WI 53708-8911 • Wisconsin.gov

- Under this bill, several of the largest contractors will still be required to file some individual security (much less than now) if they fail to meet minimum financial standards. This is because their producer liabilities will exceed the *combined* capacity of the fund *and* backup security. But this bill will reduce their fund assessments, to help offset the continuing security cost.
- *Increases the amount that DATCP can pay from the fund, in the event of a contractor default, before DATCP resorts to backup security.*
 - Under this bill, DATCP may distribute up to 60% of the fund balance to producers, before resorting to backup security. This will allow for greater flexibility and reduced costs of obtaining contingent financial backing.





**Senate Committee on Agriculture, Financial Institutions
and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882
(608) 266-0703

Senator Dale W. Schultz, Chairman

June 12, 2003

Representative Al Ott, Chairman
Assembly Committee on Agriculture
Room 318 North
State Capitol
Madison, WI 53707

Re: Assembly Bill 349

Dear Chairman Ott & Members,

Thank you for this timely hearing on Assembly Bill 349, the companion to Senator Ron Brown's Senate Bill 173.

The members of the Senate Agriculture Committee held a public hearing on Senate Bill 173 on June 3rd, 2003. It was reported out of our committee without amendment with all members voting Aye. Seven individuals or organizations appeared and testified for the bill. There were no appearances or registrations in opposition.

While this bill makes some necessary changes to the Agricultural Producer Security Fund, it does not change the intent of the Security Fund which insures that if a processor is unable to meet it's financial obligations, the producer will be paid for the commodity he delivered under that contract.

Primarily, Assembly Bill 349 makes three changes to the Agricultural Producer Security Fund. It changes the requirement that the Department obtain surety bonds with a more general requirement that contingent credit, such as letters of credit or other financial instruments may be used instead. This modification became necessary because of recent uncertainties in the bond market. In fact when DATCP solicited bids for these bonds on numerous occasions, no bidders responded.

AB 349 also requires contractors who have very high default exposure to both contribute to the fund and also obtain individual security. This provision will only affect very large contractors who would exceed the capacity of both the fund and the backup security. The bill also changes the interest rate on loans from the Agrichemical Management Fund to the Agricultural Producer Security Fund. Currently the interest rates on these loans are compounded at 5% annually. AB 349 maintains the 5% interest rate until July 1 2003, and reduces it to 2%.

Contractors and producer groups both recognize the need for these changes and have voiced their support. Passage of Assembly Bill 349 will provide better protection to producers at lower cost to contractors.

It is my understanding that a necessary technical amendment may be offered which seek to clarify that any obligations entered into would be subject to and payable only from appropriations from the agricultural producer security fund under 20.115 and would not be obligations general or otherwise of the state or any administrative or political subdivision. I would support adoption of such an amendment by the committee and will be encouraging Senator Brown to offer a Senate Substitute Amendment on the floor

I urge the committee to give favorable consideration to passage of this bill.

Thank you,

Dale W. Schultz, Chairman
Senate Committee on Agriculture
Financial Institutions & Insurance



Assembly Republican Majority

Bill Summary

AB 349: Modifications to Ag Producer Security (Companion bill to SB 173)

Relating to: the agricultural producer security program, granting rule-making authority, and making an appropriation.

By Representative Ott, Ainsworth, Bies, Gronemus, Gunderson, Hahn, Hines, Kestell, Krawczyk, Loeffelholz, Musser, Owens, Pettis, Suder, Towns, Townsend, Ward, Freese and Petrowski; cosponsored by Senators Brown, Schultz and Lassa.

Date: June 24, 2003

BACKGROUND

Under current law, the agricultural producer security program relies on surety bonds for back-up funding to the program in case of a large default by a contractor.

SUMMARY OF AB 349 (AS AMENDED BY COMMITTEE)

Assembly Bill 349 authorizes DATCP to obtain alternative back-up security for the fund, to provide coverage for very large defaults that go beyond fund capacity.

AMENDMENTS

Assembly Amendment 1 to Assembly Bill 349 specifies that the loan acquired by DATCP needs to be requested by the Secretary and paid back by the Ag Producer Security Fund only [adopted 15-0].

FISCAL EFFECT

A fiscal estimate prepared by the Department of Agriculture indicates no state fiscal effect.

PROS

1. AB 349 creates additional ways of obtaining back-up security so that the program is not relying on bonds alone.
2. This bill makes the back-up funds available sooner in case of a large default, since the fund itself is too small for that kind of coverage yet.
3. With the passage of this proposal, prior security filed can be released back to agribusinesses.

CONS

1. The program has to pay a fee from the security fund money if it does obtain a back-up loan.

SUPPORTERS

Rep. Al Ott, author; Sen. Ron Brown, lead co-sponsor; John O'Brien, Office of Sen. Dale Schultz; Jim Matson, DATCP; Eric Hanson, DATCP; Judy Kellr, WI Cheese Makers Association; Doug Caruso, WI Farmers Union; Ron Statz, National Farmers Organization; Paul Zimmerman, WI Farm Bureau Federation; Ron Kuehn, WI Pork Producers, WI Potato & Vegetable Growers, WI Cranberry Growers, WI Muck Farmers, WI Agriservice Association; John Manske, WI Federation of Cooperatives.

OPPOSITION

No one registered or appeared against the bill.

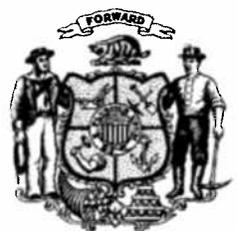
HISTORY

Assembly Bill 349 was introduced on May 20, 2003, and referred to the Assembly Committee on Agriculture. A public hearing was held on June 12, 2003. On June 12, 2003, the Committee voted 15-0 to recommend passage of AB 349 as amended.

CONTACT: Beata Kalies, Office of Rep. Al Ott



WISCONSIN STATE LEGISLATURE



6/11/03

John Exner - message

will not be at hearings

Thursday but they

do support the

Chicago City Police Security

(Representative Michael Ford
Procurement Association)

AB

Dr. [unclear]

ASBL
yes



Senator Brown - 1st speaker

Mark Rumsfeld -
State is prohibited from entering
its credit.

"Cash loan" could be considered
from several funds + it's unavailability
Amendment changes it -
that it's from the Prod. Fund.

(at Dir. of AG + ^{to receive a}
+ DOT will reamortize too)

Eric Hanson / Jim Stetson -

- Basically, no. post- receipt
- guaranteed or risk, price,
- risk practices for states
- not all or nothing type.
- How enough in funds to cover
some amounts

In negotiable area no other
states offer protection
Some states offer something to
wile producers.

- a lot of other states offer it
for grain. own is similar
+ other 53 grain states

- in a lot of other states, several
funds is trapped into
- however there is more protection
for the Gen. Funds.

Raising of funds Q -
There is laws that be used
trust fund + over
for that purpose - with
non class - but as strong
as can be

AB 349

6/12/03

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Suggestion of a constitutional change
(amendment) to bind
legislature & not allow
raising of funds
(4 yrs in maturity) - its
possible & would solve problem.

Sen. Schultz testimony viz John

O'Brien

- Senate passed unanimously, no opposition

(1) ^{instead of} issue of bonds - other

(2) contraction of high deficit

(3) int. rate or of when changed