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Details:

(FORM UPDATED: 07/12/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on ... Agriculture (AC-Ag)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**
- Record of Comm. Proceedings ... **RCP**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

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



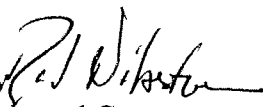
State of Wisconsin
Jim Doyle, Governor

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

DATE: December 15, 2005

TO: The Honorable Alan J. Lasee
President, Wisconsin State Senate
Room 219, South, State Capitol
PO Box 7882
Madison WI 53707-7882

The Honorable John Gard
Speaker, Wisconsin State Assembly
Room 211 West, State Capitol
PO Box 8952
Madison WI 53708-8952

FROM: Rodney J. Nilsestuen, Secretary 
Department of Agriculture, Trade and Consumer Protection

**SUBJECT: Agricultural Producer Security; Final Draft Rule
(Clearinghouse Rule #05-068)**

The Department of Agriculture, Trade and Consumer Protection is transmitting this rule for legislative committee review, as provided in s. 227.19(2) and (3), Stats. The department will publish notice of this referral in the Wisconsin Administrative Register, as provided in s. 227.19(2), Stats.

SUMMARY:

This rule amends current rules related to the agricultural producer security program under ch. 126, Stats. The program is designed to protect agricultural producers from catastrophic financial defaults by grain dealers, grain warehouse keepers, milk contractors and vegetable contractors (collectively referred to as "contractors") who procure agricultural commodities from producers.

This rule does all of the following:

- It permits a licensed contractor to file *voluntary* security for the benefit of producers if the contractor's estimated default exposure exceeds the maximum amount payable from the Wisconsin agricultural producer security fund. A contractor who files voluntary security may pay lower fund assessments and make more favorable disclosures to producers. A voluntary security filing does not relieve a contractor of any other duty to file security or pay fund assessments.

Agriculture generates \$51.5 billion for Wisconsin

- It changes and simplifies the disclosures that contractors must give to producers.
- It clarifies current grain warehouse keeper record keeping requirements.

Background

Under current law, contractors must be licensed by DATCP. Most contractors must contribute to an agricultural producer security fund (the "fund"). Fund assessments are based on contractor size, financial condition and risk practices. If a *contributing contractor* defaults, DATCP will pay producers out of the fund (for example, DATCP recently paid more than \$130,000 to producers affected by the Linden Cheese Company default). The total payment for any default may not exceed 60% of the fund balance at the time of default (the current fund balance is approximately \$6.1 million).

The current fund capacity is adequate to cover most, but not all, potential defaults by contributing contractors. Some large contractors have an "estimated default exposure" that exceeds current fund capacity (in some cases, by a very large amount). Some of these contractors are currently required to file security to cover at least part of the difference, but others are not (DATCP lacks statutory authority to require security filings for some of the contractors).

Rule Contents

Voluntary Security

Under this rule, a licensed contractor may file *voluntary* security with DATCP if the contractor's estimated default exposure exceeds the maximum amount payable from the fund (this rule does not change current *mandatory* security filing requirements). A contractor who files security with DATCP may pay lower fund assessments and make more favorable disclosures to producers.

Reduced Fund Assessment

Under current rules, certain contractors who file security with DATCP are entitled to a reduction in their annual fund assessments (current rules specify the amount of the reduction). Under this rule, certain contractors who file security with DATCP (required or voluntary) may pay reduced fund assessments if their "estimated default exposure" is equal to or less than the sum of the following:

- The maximum amount payable from the fund, if the contractor defaults.
- The total amount of security (required or voluntary) filed by the contractor.

Disclosures to Producers

Under current rules, a contractor must periodically disclose to producers the contractor's license, security and fund contribution status. The current rules specify the exact language that contractors must use. The disclosures are intended to help producers assess the degree of financial risk involved in dealing with any particular contractor. The current disclosures are rather complex, and in some cases overstate the amount of security coverage afforded to producers.

This rule changes and simplifies the current disclosure requirements. This rule, like the current rules, specifies the exact language to be used. Disclosure requirements vary slightly between grain, milk and vegetable contractors, because of differences in the security program for each industry. But for all contractors, the disclosure alternatives are basically as follows:

- If the contractor's "estimated default exposure" is *equal to or less than* the amount of fund coverage and security on file, the disclosure states that the security program may provide full compensation for producers if the contractor defaults (subject to statutory limits).
- If the contractor's "estimated default exposure" is *greater than* the amount of fund coverage and security on file, the disclosure states that the security program may provide *some* compensation for producers if the contractor defaults. But compensation may cover a smaller portion of the producer's loss.
- If the contractor does not contribute to the fund or file any security with DATCP, the disclosure states that the security program will provide *no compensation* to producers if the contractor defaults.

Definition of "Affiliate"

Under current rules, contractor financial statements must disclose accounts and notes payable from "affiliates." These accounts and notes are excluded from the balance sheet before financial ratios are calculated. An "affiliate" is currently defined as an owner, major stockholder, partner, officer, director, member, employee or agent (or a person owned, controlled or operated by one of those persons). This rule clarifies that an "affiliate" also includes any other person who has significant control or influence over the contractor. This is consistent with generally accepted accounting principles.

Grain Warehouse Records

This rule clarifies current grain warehouse record keeping requirements. Under current law, warehouse keepers must keep "daily position" records related to grain in storage. This rule clarifies that daily position records must identify all grain kept by the warehouse keeper, whether in licensed or unlicensed storage. Records must clearly distinguish between grain owned by the warehouse keeper and that held for others. Records must also show the amount of grain entering

and leaving storage each day. Records must be based on individual grain transaction records required under current law.

Federal and Surrounding State Regulations

Wisconsin's Security Program

Wisconsin has an agricultural producer security program for grain, milk and vegetables. The Wisconsin legislature has spelled out detailed statutory requirements for grain dealers, grain warehouse keepers, milk contractors and vegetable contractors (ch. 126, Stats.). Contractors must be licensed by DATCP, and most contractors must contribute to an agricultural producer security fund administered by DATCP. A few contractors must also file security with DATCP.

Federal Programs

There is no federal producer security program related to milk. The United States department of agriculture (USDA) administers a producer security program for federally licensed *grain warehouses* that store grain for producers. Grain warehouses may choose whether to be licensed under state or federal law. Federally-licensed warehouses are exempt from state warehouse licensing and security requirements. State-licensed warehouses are likewise exempt from federal requirements.

The federal grain warehouse program provides little or no protection against financial defaults by *grain dealers*. Grain dealers are persons who buy and sell grain. Sometimes, grain dealers also operate grain warehouses. DATCP currently licenses grain dealers. Licensed warehouse keepers must also hold a state grain dealer license if they engage in grain dealing.

USDA proposes to regulate *grain dealer* activities (grain "merchandising") by federally licensed warehouse keepers, to the exclusion of state regulation. But USDA has not yet finalized its regulations. In any case, the federal regulations would not apply to state-licensed grain warehouses, or to grain dealers who do not operate a warehouse.

There is a federal security program for vegetables. The federal security program is mainly limited to fresh market vegetables, and gives producers a priority lien against a contractor's vegetable-related assets. Wisconsin's vegetable security program applies only to processing vegetables (not fresh market vegetables covered by federal regulations). There may be some limited overlap between the Wisconsin and federal programs. However, the overlap may be justified because the scope of federal coverage is not entirely clear.

Surrounding States

In Minnesota, contractors must be licensed to procure grain, milk or processing vegetables from producers, or to operate grain warehouses. Regulated contractors must file bonds as security against default.

Neither Iowa nor Illinois have producer security programs for milk or vegetables. However, both states maintain indemnity funds to protect grain producers. Fund assessments are based solely on grain volume. In Wisconsin, by contrast, fund assessments are based on grain volume *and financial condition*.

Michigan has the following producer security programs:

- Potato dealers must be licensed, and must post bonds as security against defaults. (Wisconsin's vegetable security program includes, but is not limited to, potatoes.)
- Dairy plants that fail to meet minimum financial standards must file security or pay cash for milk.
- Grain producers have the option of paying premiums into a state fund. In the event of a grain default, the fund reimburses participating producers.

Public Hearings

DATCP held 3 hearings on this rule. DATCP held the hearings on August 10, 2005 in Eau Claire, August 12, 2005 in Madison and August 16, 2005 in Green Bay. Eight persons attended the hearings. One person registered in favor, and no one registered in opposition. DATCP received comments from two individuals, John Umhoefer, representing the Wisconsin Cheese Makers Association and John Exner, representing the Midwest Food Processor's Association. Both sets of comments focused on the "notice to producer" requirements. DATCP modified the final draft rule in response to the comments.

Changes from Hearing Draft

DATCP made the following changes to the final draft rule following public hearings (all of the changes relate to required contractor disclosures to producers):

- Expanded notice alternatives to capture, more precisely, the position of certain milk contractors.
- Made minor changes to disclosure language, in response to hearing comments.
- Made minor editorial changes suggested by the Legislative Council Rules Clearinghouse.

Response to Rules Clearinghouse Comments

The Legislative Council Rules Clearinghouse made a couple of minor editorial comments on the proposed rule. DATCP incorporated these suggestions in the final draft rule.

Fiscal Impact

This rule could result in some lost revenue into the Agricultural Producer Security Fund. Contractors who choose to file voluntary security under this proposed rule are granted a proportionate reduction on their annual fund assessments. However, the loss in fund revenue is offset by the voluntary security filing, which will reduce financial risks to producers and the fund.

It is impossible to predict the amount of revenue reduction with certainty, because the reduction will depend on how many contractors (and which contractors) voluntarily post security. The total revenue reduction could range from zero to \$203,000 per year initially, with smaller reductions in later years. DATCP tentatively estimates a reduction of \$50,000 per year initially, with smaller reductions in later years. A fiscal estimate is attached.

Business Impact

This rule will affect agricultural producers, grain dealers, grain warehouse keepers, milk contractors and vegetable contractors. Many of these businesses are small businesses. A small business analysis is attached.

This rule will have a minimal impact on most affected businesses, and effects will be positive in many cases (especially for agricultural producers). The Wisconsin Legislature has spelled out detailed statutory requirements for grain dealers, grain warehouse keepers, milk contractors and vegetable contractors (ch. 126, Stats.). DATCP has limited authority to change these requirements by rule.

This rule will make minor changes to current rules. Among other things, this rule:

- Allows licensed contractors to file voluntary security (it does not change current *mandatory* security requirements).
- Allows some contractors to pay reduced fund assessments.
- Changes and simplifies current contractor disclosures to producers. In some cases, current disclosures overstate the amount of security coverage afforded to producers. Some contractors may incur one-time costs to change their disclosure forms.
- Clarifies current grain warehouse record keeping requirements (this rule does not add major new record keeping requirements).

This rule will not have a significant adverse economic impact on small business. Therefore, it is not subject to the delayed small business effective date provision in s. 227.22(2)(e), Stats.

Under 2003 Wis. Act 145, DATCP and other agencies must adopt rules spelling out their rule enforcement policy for small businesses. DATCP has not incorporated a small business enforcement policy in this rule, but it will propose a separate rule on that subject. DATCP will, to the maximum extent feasible, seek voluntary compliance with this rule.



State of Wisconsin
Jim Doyle, Governor

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

PUBLIC NOTICE

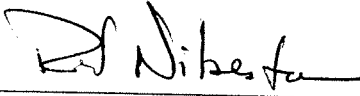
FINAL DRAFT RULE TO LEGISLATURE

The Department of Agriculture, Trade and Consumer Protection announces that it is submitting the following rule for legislative committee review, pursuant to s. 227.19, Stats.:

CLEARINGHOUSE RULE #: **05-068**
SUBJECT: **Agricultural Producer Security**
ADM. CODE REFERENCE: **ATCP 99, 100, and 101**
DATCP DOCKET #: **05-R-01**

Dated this 13th day of December, 2005.

STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE, TRADE AND
CONSUMER PROTECTION

By 
Rodney J. Nilsestuen
Secretary

Agriculture generates \$51.5 billion for Wisconsin

**PROPOSED ORDER OF THE WISCONSIN DEPARTMENT OF
AGRICULTURE, TRADE AND CONSUMER PROTECTION
ADOPTING RULES**

1 The Wisconsin department of agriculture, trade and consumer protection proposes the
2 following order to renumber ATCP 100.01(1); to amend ATCP 99.01(1),
3 99.135(2)(intro.), 99.255(2)(intro.), 100.135(2)(intro.), 101.20(1) and 101.255(2)(intro.);
4 to repeal and recreate ATCP 99.135(1), 99.14(2), 99.255(1), 99.26(2), 100.135(1),
5 100.20(2), 101.255(1) and 101.26(2); and to create ATCP 99.01(4m), (6m), (8m) and
6 (14m), 99.135(1)(note), 99.255(1)(note), 99.27, 100.01(1), (2m), (4g), (4m), (4p) and
7 (14r), 100.135(1)(note), 101.20(2m), (3g), (3m) and (3r), and 101.255(1)(note), relating
8 to agricultural producer security.

**Analysis Prepared by the Department of Agriculture,
Trade and Consumer Protection**

This rule modifies current rules related to the agricultural producer security program under ch. 126, Stats. The program is designed to protect agricultural producers from catastrophic financial defaults by grain dealers, grain warehouse keepers, milk contractors and vegetable contractors (collectively referred to as "contractors") who procure agricultural commodities from producers.

This rule does all of the following:

- It permits a licensed contractor to file *voluntary* security for the benefit of producers if the contractor's estimated default exposure exceeds the maximum amount payable from the Wisconsin agricultural producer security fund. A contractor who files voluntary security may pay lower fund assessments and make more favorable disclosures to producers. A voluntary security filing does not relieve a contractor of any other duty to file security or pay fund assessments.
- It changes and simplifies the disclosures that contractors must give to producers.
- It clarifies current grain warehouse keeper record keeping requirements.

Statutory Authority

Statutory authority: ss. 93.07(1), 126.15(1)(intro.), 126.30(1)(intro.), 126.46(1)(intro.), 126.60(1)(intro.), 126.81 and 126.88(intro.), Stats.

Statutes interpreted: Chapter 126, Stats.

The department of agriculture, trade and consumer protection (“DATCP”) administers the agricultural producer security program under ch. 126, Stats. DATCP has broad general authority, under s. 93.07(1), Stats., to adopt rules related to programs under its jurisdiction. DATCP has specific authority under ch. 126, Stats., to adopt rules for the agricultural producer security program.

Background

Under current law, contractors must be licensed by DATCP. Most contractors must contribute to an agricultural producer security fund (the “fund”). Fund assessments are based on contractor size, financial condition and risk practices. If a *contributing contractor* defaults, DATCP will pay producers out of the fund. The total payment may not exceed 60% of the fund balance at the time of default (the current fund balance is approximately \$6.1 million).

The current fund capacity is adequate to cover most, but not all, potential defaults by contributing contractors. Some large contractors have an “estimated default exposure” that exceeds current fund capacity (in some cases, by a very large amount). Some of these contractors are currently required to file security to cover at least part of the difference, but others are not (DATCP lacks statutory authority to require security filings for some of the contractors).

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or voluntary) may pay reduced fund assessments if their “estimated default exposure” is equal to or less than the sum of the following:

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- The total amount of security (required or voluntary) filed by the contractor.

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Under current rules, a contractor must periodically disclose to producers the contractor’s license, security and fund contribution status. The current rules specify the exact language that contractors must use. The disclosures are intended to help producers assess the degree of financial risk involved in dealing with any particular contractor. The current disclosures are rather complex, and in some cases overstate the amount of security coverage afforded to producers.

This rule changes and simplifies the current disclosure requirements. This rule, like the current rules, specifies the exact language to be used. Disclosure requirements vary slightly between grain, milk and vegetable contractors, because of differences in the security program for each industry. But for all contractors, the disclosure alternatives are basically as follows:

- If the contractor’s “estimated default exposure” is *equal to or less than* the amount of fund coverage and security on file, the disclosure states that the security program may provide full compensation for producers if the contractor defaults (subject to statutory limits).
- If the contractor’s “estimated default exposure” is *greater than* the amount of fund coverage and security on file, the disclosure states that the security program may provide *some* compensation for producers if the contractor defaults. But compensation may cover a smaller portion of the producer’s loss.
- If the contractor does not contribute to the fund or file any security with DATCP, the disclosure states that the security program will provide *no compensation* to producers if the contractor defaults.

Definition of “Affiliate”

Under current rules, contractor financial statements must disclose accounts and notes payable from “affiliates.” These accounts and notes are excluded from the balance sheet before financial ratios are calculated. An “affiliate” is currently defined as an owner, major stockholder, partner, officer, director, member, employee or agent (or a person owned, controlled or operated by one of those persons). This rule clarifies that an “affiliate” also includes any other person who has significant control or influence over the contractor. This is consistent with generally accepted accounting principles.

Grain Warehouse Records

This rule clarifies current grain warehouse record keeping requirements. Under current law, warehouse keepers must keep “daily position” records related to grain in storage. This rule clarifies that daily position records must identify all grain kept by the warehouse keeper, whether in licensed or unlicensed storage. Records must clearly distinguish between grain owned by the warehouse keeper and that held for others. Records must also show the amount of grain entering and leaving storage each day. Records must be based on individual grain transaction records required under current law.

Fiscal Impact

This rule will have no significant fiscal impact on DATCP or local government. A complete fiscal estimate is attached.

Business Impact

This rule will affect agricultural producers, grain dealers, grain warehouse keepers, milk contractors and vegetable contractors. Many of these businesses are small businesses. A small business analysis is attached.

This rule will have a minimal impact on most affected businesses, and effects will be positive in many cases (especially for agricultural producers). The Wisconsin legislature has spelled out detailed statutory requirements for grain dealers, grain warehouse keepers, milk contractors and vegetable contractors (ch. 126, Stats.). DATCP has limited authority to change these requirements by rule.

This rule will make minor changes to current rules. Among other things, this rule:

- Allows licensed contractors to file voluntary security (it does not change current *mandatory* security requirements).
- Allows some contractors to pay reduced fund assessments.
- Changes and simplifies current contractor disclosures to producers. In some cases, current disclosures overstate the amount of security coverage afforded to producers. Some contractors may incur one-time costs to change their disclosure forms.
- Clarifies current grain warehouse record keeping requirements (this rule does not add major new record keeping requirements).

This rule will not have a significant adverse economic impact on small business. Therefore, it is not subject to the delayed small business effective date provision in s. 227.22(2)(e), Stats.

Under 2003 Wis. Act 145, DATCP and other agencies must adopt rules spelling out their rule enforcement policy for small businesses. DATCP has not incorporated a small business enforcement policy in this rule, but it will propose a separate rule on that

subject. DATCP will, to the maximum extent feasible, seek voluntary compliance with this rule.

Federal and Surrounding State Regulations

Wisconsin's Security Program

Wisconsin has an agricultural producer security program for grain, milk and vegetables. The Wisconsin legislature has spelled out detailed statutory requirements for grain dealers, grain warehouse keepers, milk contractors and vegetable contractors (ch. 126, Stats.). Contractors must be licensed by DATCP, and most contractors must contribute to an agricultural producer security fund administered by DATCP. A few contractors must also file security with DATCP.

Federal Programs

There is no federal producer security program related to milk. The United States department of agriculture (USDA) administers a producer security program for federally licensed *grain warehouses* that store grain for producers. Grain warehouses may choose whether to be licensed under state or federal law. Federally-licensed warehouses are exempt from state warehouse licensing and security requirements. State-licensed warehouses are likewise exempt from federal requirements.

The federal grain warehouse program provides little or no protection against financial defaults by *grain dealers*. Grain dealers are persons who buy and sell grain. Sometimes, grain dealers also operate grain warehouses. DATCP currently licenses grain dealers. Licensed warehouse keepers must also hold a state grain dealer license if they engage in grain dealing.

USDA proposes to regulate *grain dealer* activities (grain "merchandising") by federally licensed warehouse keepers, to the exclusion of state regulation. But USDA has not yet finalized its regulations. In any case, the federal regulations would not apply to state-licensed grain warehouses, or to grain dealers who do not operate a warehouse.

There is a federal security program for vegetables. The federal security program is mainly limited to fresh market vegetables, and gives producers a priority lien against a contractor's vegetable-related assets. Wisconsin's vegetable security program applies only to processing vegetables (not fresh market vegetables covered by federal regulations). There may be some limited overlap between the Wisconsin and federal programs. However, the overlap may be justified because the scope of federal coverage is not entirely clear.

Surrounding States

In Minnesota, contractors must be licensed to procure grain, milk or processing vegetables from producers, or to operate grain warehouses. Regulated contractors must file bonds as security against default.

Neither Iowa nor Illinois have producer security programs for milk or vegetables. However, both states maintain indemnity funds to protect grain producers. Fund assessments are based solely on grain volume. In Wisconsin, by contrast, fund assessments are based on grain volume *and financial condition*.

Michigan has the following producer security programs:

- Potato dealers must be licensed, and must post bonds as security against defaults. (Wisconsin's vegetable security program includes, but is not limited to, potatoes.)
- Dairy plants that fail to meet minimum financial standards must file security or pay cash for milk.
- Grain producers have the option of paying premiums into a state fund. In the event of a grain default, the fund reimburses participating producers.

Agency Contact for Submitting Comments

Questions or comments related to this rule may be sent to the following address:

Wisconsin Department of Agriculture, Trade and Consumer Protection
Trade and Consumer Protection Division
Bureau of Trade Practices
P.O. Box 8911
Madison, WI 53708-8911
Attn.: Kevin LeRoy
Telephone: (608) 224-4928
E-Mail: Kevin.Leroy@datcp.state.wi.us

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- 1 SECTION 1. ATCP 99.01(1) is amended to read:
- 2 ATCP 99.01(1) "Affiliate" has the meaning given in s. 126.01(1), Stats.
- 3 "Affiliate" includes a person who has significant control or influence over the contractor.
- 4 SECTION 2. ATCP 99.01(4m), (6m), (8m) and (14m) are created to read:

1 ATCP 99.01(4m) “Contingent financial backing amount” means the amount of
2 contingent financial backing, if any, which the department holds under s. 126.06, Stats.

3 (6m) “Deductible amount” means the amount specified in s. 126.72(3), Stats.

4 (8m) “Estimated default exposure” has the meaning given in s. 126.16(1)(c)1.,
5 Stats., for a grain dealer, and in s. 126.31(1)(b)1., Stats., for a grain warehouse keeper.

6 (14m) “Maximum fund reimbursement” means the deductible amount plus the
7 contingent financial backing amount.

8 **SECTION 3.** ATCP 99.135(1) is repealed and recreated to read:

9 ATCP 99.135(1) VOLUNTARY SECURITY. A licensed grain dealer may at any
10 time file security with the department, regardless of whether the grain dealer is required
11 to file security. Except as provided in sub. (2), a voluntary security filing under this
12 subsection does not relieve a grain dealer of any other obligation to file security or pay
13 fund assessments.

14 **SECTION 4.** ATCP 99.135(1)(note) is created to read:

15 **NOTE:** A grain dealer who files voluntary security under sub. (1) may be eligible
16 for a reduction in fund assessments under sub. (2), and may be able to
17 make a more favorable disclosure to producers under s. ATCP 99.14(2).
18

19 **SECTION 5.** ATCP 99.135(2)(intro.) is amended to read:

20 ATCP 99.135(2) REDUCED ASSESSMENT. If, for the duration of a license year, a
21 contributing grain dealer maintains security under sub. (1) or s. 126.16(2), Stats., or both,
22 in an amount that is at least equal to the amount required under s. 126.16(3), Stats., less
23 the deductible amount grain dealer’s estimated default exposure less the maximum fund
24 reimbursement amount, the contributing grain dealer’s annual fund assessment under s.
25 126.15, Stats., for that year is reduced by an amount that is determined as follows:

1 SECTION 6. ATCP 99.14(2) is repealed and recreated to read:

2 ATCP 99.14(2) FORM OF DISCLOSURE. A disclosure under sub. (1) shall consist
3 of a verbatim copy of one of the following statements, as applicable:

4 (a) The following statement if the grain dealer's estimated default exposure is
5 equal to or less than the sum of the maximum fund reimbursement amount and any
6 security amount the grain dealer has on file with the department:

7 **IMPORTANT NOTICE**

8 ***[Name of grain dealer]* participates in Wisconsin's Agricultural Producer Security**
9 **program. If we fail to pay you for grain when payment is due, you may file a claim**
10 **under this program. The program may reimburse up to 80% of the first \$60,000 of**
11 **your allowed claim, and up to 75% of any additional amount. For more**
12 **information, you may contact the Wisconsin Department of Agriculture, Trade and**
13 **Consumer Protection, 8911 Agriculture Drive, Madison, WI 53708-8911 (phone**
14 **608/224-4998).**

15
16 (b) The following statement if the grain dealer's estimated default exposure
17 exceeds the sum of the maximum fund reimbursement amount and any security amount
18 the grain dealer has on file with the department:

19 **IMPORTANT NOTICE**

20 ***[Name of grain dealer]* participates in Wisconsin's Agricultural Producer Security**
21 **Program. If we fail to pay you for grain when payment is due, you may file a claim**
22 **under this program. The program may provide some compensation. However, our**
23 **"estimated default exposure" exceeds program coverage, and we have not filed**
24 **security to cover the difference, so compensation may cover only a portion of your**
25 **loss. For more information, you may contact the Wisconsin Department of**
26 **Agriculture, Trade and Consumer Protection, 8911 Agriculture Drive, Madison, WI**
27 **53708-8911 (phone 608/224-4998).**

28
29 SECTION 7. ATCP 99.255(1) is repealed and recreated to read:

30 ATCP 99.255(1) VOLUNTARY SECURITY. A licensed grain warehouse keeper
31 may at any time file security with the department, regardless of whether the warehouse
32 keeper is required to file security. Except as provided in sub. (2), a voluntary security

1 filing under this subsection does not relieve a grain dealer of any obligation to file
2 security or pay fund assessments.

3 **SECTION 8.** ATCP 99.255(1)(note) is created to read:

4 **NOTE:** A grain warehouse keeper who files voluntary security under sub. (1)
5 may be eligible for a reduction in fund assessments under sub. (2), and
6 may be able to make a more favorable disclosure to producers under s.
7 ATCP 99.26(2).
8

9 **SECTION 9.** ATCP 99.255(2)(intro.) is amended to read:

10 ATCP 99.255(2) REDUCED ASSESSMENT. If, for the duration of a license year, a
11 contributing grain warehouse keeper maintains security under sub. (1) or s. 126.31(2),
12 Stats., or both, in an amount that is at least equal to the amount required under s.
13 126.31(3), Stats., less the deductible amount grain warehouse keeper's estimated default
14 exposure less the maximum fund reimbursement amount, the grain warehouse keeper's
15 annual fund assessment under s. 126.30, Stats., for that year is reduced by an amount that
16 is determined as follows:

17 **SECTION 10.** ATCP 99.26(2) is repealed and recreated to read:

18 99.26(2) FORM OF DISCLOSURE. A disclosure under sub. (1) shall consist of a
19 verbatim copy of one of the following statements, as applicable:

20 (a) The following statement if the grain warehouse keeper is required to be
21 licensed under s. 126.26(1), Stats., and the grain warehouse keeper's estimated default
22 exposure does not exceed the sum of the maximum fund reimbursement amount and any
23 security amount the grain warehouse keeper has on file with the department:

24 **IMPORTANT NOTICE**

25 ***[Name of grain warehouse keeper]* participates in Wisconsin's Agricultural Producer**
26 **Security program. If we fail to return your grain on demand, you may file a claim**
27 **under this program. The program may reimburse you for the loss of up to \$100,000**

1 **worth of grain. For more information, you may contact the Wisconsin Department**
2 **of Agriculture, Trade and Consumer Protection, 8911 Agriculture Drive, Madison,**
3 **WI 53708-8911 (phone 608/224-4998).**
4

5 (b) The following statement if the grain warehouse keeper is required to be
6 licensed under s. 126.26(1), Stats., and the grain warehouse keeper's estimated default
7 exposure exceeds the sum of the maximum fund reimbursement amount and any security
8 amount the grain warehouse keeper has on file with the department:

9 **IMPORTANT NOTICE**

10 ***[Name of grain warehouse keeper]* participates in Wisconsin's Agricultural Producer**
11 **Security Program. If we fail to return your grain on demand, you may file a claim**
12 **under this program. The program may provide some compensation. However, our**
13 **"estimated default exposure" exceeds program coverage, and we have not filed**
14 **security to cover the difference, so compensation may cover only a portion of your**
15 **loss. For more information, you may contact the Wisconsin Department of**
16 **Agriculture, Trade and Consumer Protection, 8911 Agriculture Drive, Madison, WI**
17 **53708-8911 (phone 608/224-4998).**
18

19 (c) The following statement if the grain warehouse keeper is not licensed and is
20 exempt from licensing under s. 126.26(1), Stats.:

21 **IMPORTANT NOTICE**

22 ***[Name of grain warehouse keeper]* does not participate in Wisconsin's Agricultural**
23 **Producer Security Program. You are therefore not eligible for compensation under**
24 **the program if we fail to return your grain on demand. For more information, you**
25 **may contact the Wisconsin Department of Agriculture, Trade and Consumer**
26 **Protection, 8911 Agriculture Drive, Madison, WI 53708-8911 (phone 608/224-4998).**
27

28 **SECTION 11. ATCP 99.27 is created to read:**

29 **ATCP 99.27 Warehouse keepers; daily position record. (1) A grain**
30 **warehouse keeper's daily position record under s. 126.32(2), Stats., shall include all of the**
31 **following, as of the close of each day's business:**

1 (a) The total amount of grain that the warehouse keeper has in storage, including
2 grain in the warehouse keeper's licensed warehouses, in the warehouse keeper's
3 unlicensed warehouses if any, or on deposit with other warehouse keepers.

4 (b) The total amount of stored grain owned by the warehouse keeper, including
5 grain in the warehouse keeper's licensed warehouses, in the warehouse keeper's
6 unlicensed warehouses if any, or on deposit with other warehouse keepers.

7 (c) The warehouse keeper's total grain storage obligations to depositors.

8 (d) The amount of grain, owned by the warehouse keeper, which was added to
9 storage that day.

10 (e) The amount of grain, owned by the warehouse keeper, which was removed
11 from storage that day.

12 (f) The amount of grain, held for others, which was received from depositors that
13 day.

14 (g) The amount of grain, held for others, which was returned to depositors that
15 day.

16 (2) Daily position records under sub. (1) shall be based on individual transaction
17 records kept by the grain warehouse keeper, including records required under s. 126.32
18 and 126.33, Stats.

19 **SECTION 12.** ATCP 100.01(1) is renumbered (1m).

20 **SECTION 13.** ATCP 100.01(1), (2m), (4g), (4m), (4p) and (14r) are created to
21 read:

22 ATCP 100.01(1) "Affiliate" has the meaning given in s. 126.01(1), Stats.

23 "Affiliate" includes a person who has significant control or influence over the contractor.

1 (2m) "Contingent financial backing amount" means the amount of contingent
2 financial backing, if any, which the department holds under s. 126.06, Stats.

3 (4g) "Deductible amount" means the amount specified in s. 126.72(3), Stats.

4 (4m) "Disqualified milk contractor" has the meaning given in s. 126.40(7), Stats.

5 (4p) "Estimated default exposure" has the meaning given in s. 126.47(1)(b)1.,
6 Stats.

7 (4r) "Maximum fund reimbursement" means the deductible amount plus the
8 contingent financial backing amount.

9 SECTION 14. ATCP 100.135(1) is repealed and recreated to read:

10 ATCP 100.135(1) VOLUNTARY SECURITY. A milk contractor may at any time
11 file security with the department, regardless of whether the milk contractor is required to
12 file security. Except as provided in sub. (2), a voluntary security filing under this
13 paragraph does not relieve a milk contractor of any other obligation to file security or pay
14 fund assessments.

15 SECTION 15. ATCP 100.135(1)(note) is created to read:

16 **NOTE:** A milk contractor who files voluntary security under sub. (1) may be
17 eligible for a reduction in fund assessments under sub. (2), and may be
18 able to make a more favorable disclosure to producers under s. ATCP
19 100.20(2).
20

21 SECTION 16. ATCP 100.135(2)(intro.) is amended to read:

22 ATCP 100.135(2) REDUCED ASSESSMENT. If, for the duration of a license year, a
23 contributing milk contractor maintains security under sub. (1) or s. 126.47(2), Stats., or
24 both, in an amount that is at least equal to the amount required under s. 126.47(3), Stats.,
25 less the deductible amount milk contractor's estimated default exposure less the
26 maximum fund reimbursement amount, the milk contractor's annual fund assessment

1 under s. 126.46, Stats., for that year is reduced by an amount that is determined as
2 follows:

3 **SECTION 17.** ATCP 100.20(2) is repealed and recreated to read:

4 ATCP 100.20(2) FORM OF DISCLOSURE. (a) Except as provided in pars. (b) to (e),
5 the disclosure under sub. (1) shall consist of a verbatim copy of the following statement:

6 **IMPORTANT NOTICE**

7 ***[Name of milk contractor]* participates in Wisconsin's Agricultural Producer**
8 **Security program. If we fail to pay you for milk when payment is due, you may file**
9 **a claim under this program. The program may reimburse up to 80% of the first**
10 **\$60,000 of your allowed claim, and up to 75% of any additional amount. For more**
11 **information, you may contact the Wisconsin Department of Agriculture, Trade and**
12 **Consumer Protection, 8911 Agriculture Drive, Madison, WI 53708-8911 (phone**
13 **608/224-4998).**

14
15 (b) Except as provided in pars. (c) to (e), the disclosure under sub. (1) shall
16 consist of a verbatim copy of the following statement if the milk contractor contributes to
17 the fund and the milk contractor's estimated default exposure is greater than the sum of
18 the maximum fund reimbursement amount plus any security amount the milk contractor
19 has on file with the department:

20 **IMPORTANT NOTICE**

21 ***[Name of milk contractor]* participates in Wisconsin's Agricultural Producer**
22 **Security Program. If we fail to pay you for milk when payment is due, you may file**
23 **a claim under this program. The program may reimburse up to 80% of the first**
24 **\$60,000 of an allowed claim and up to 75% of any additional amount. However, our**
25 **"estimated default exposure" exceeds available reimbursement funding, and we**
26 **have not filed security to cover the difference, so reimbursement may cover a much**
27 **smaller portion of your loss. For more information, you may contact the Wisconsin**
28 **Department of Agriculture, Trade and Consumer Protection, 8911 Agriculture**
29 **Drive, Madison, WI 53708-8911 (phone 608/224-4998).**

30
31 (c) Except as provided in par. (d) or (e), the disclosure under sub. (1) shall consist
32 of a verbatim copy of the following statement if the milk contractor voluntarily

1 **NOTE:** A vegetable contractor who files voluntary security under sub. (1) may
2 be eligible for a reduction in fund assessments under sub. (2), and may be
3 able to make a more favorable disclosure to producers under s. ATCP
4 101.26(2).
5

6 **SECTION 22.** ATCP 101.255(2)(intro.) is amended to read:

7 ATCP 101.255(2) REDUCED ASSESSMENT. If, for the duration of a license year, a
8 contributing vegetable contractor maintains security under sub. (1) or s. 126.61(2), Stats.,
9 or both, in an amount that is at least equal to ~~the amount required under s. 126.61(3),~~
10 ~~Stats., less the deductible amount~~ the vegetable contractor's estimated default exposure
11 less the maximum fund reimbursement amount, the vegetable contractor's annual fund
12 assessment under s. 126.60, Stats., for that year is reduced by an amount that is
13 determined as follows:

14 **SECTION 23.** ATCP 101.26(2) is repealed and recreated to read:

15 ATCP 101.26(2) FORM OF DISCLOSURE. A disclosure under sub. (1) shall consist
16 of a verbatim copy of one of the following statements, as applicable:

17 (a) Except as provided in par. (b) or (c), the following statement if the vegetable
18 contractor's estimated default exposure is equal to or less than the sum of the maximum
19 fund reimbursement amount and any security amount the vegetable contractor has on file
20 with the department:

21 **IMPORTANT NOTICE**

22 ***[Name of vegetable contractor]*** participates in Wisconsin's Agricultural Producer
23 Security program as a licensed vegetable contractor. **If we fail to pay you for**
24 **vegetables when payment is due, you may file a claim under this program. The**
25 **program may reimburse up to 90% of the first \$40,000 of your allowed claim, 85%**
26 **of the next \$40,000, 80% of the next \$40,000, and 75% of any additional amount.**
27 **For more information, you may contact the Wisconsin Department of Agriculture,**
28 **Trade and Consumer Protection, 8911 Agriculture Drive, Madison, WI 53708-8911**
29 **(phone 608/224-4998).**
30

1 (b) The following statement if the vegetable contractor's estimated default
2 exposure exceeds the sum of the maximum fund reimbursement amount and any security
3 amount the vegetable contractor has on file with the department:

4 **IMPORTANT NOTICE**

5 ***[Name of vegetable contractor]* participates in Wisconsin's Agricultural Producer**
6 **Security Program as a licensed vegetable contractor. If we fail to pay you for**
7 **vegetables when payment is due, you may file a claim under this program. The**
8 **program may reimburse up to 90% of the first \$40,000 of an allowed claim, 85% of**
9 **the next \$40,000, 80% of the next \$40,000, and 75% of any additional amount.**
10 **However, our "estimated default exposure" exceeds available reimbursement**
11 **funding, so reimbursement may cover a much smaller portion of your loss. For**
12 **more information, you may contact the Wisconsin Department of Agriculture,**
13 **Trade and Consumer Protection, 8911 Agriculture Drive, Madison, WI 53708-8911**
14 **(phone 608/224-4998).**

15
16 (c) The following statement if the vegetable contractor is not required to
17 contribute to the fund or file security with the department, and has not done so
18 voluntarily:

19 **IMPORTANT NOTICE**

20 ***[Name of vegetable contractor]* does not contribute to Wisconsin's Agricultural**
21 **Producer Security Program, and has not filed security under the program. The**
22 **program will therefore provide no compensation if we fail to pay you for vegetables.**
23 **For more information, you may contact the Wisconsin Department of Agriculture,**
24 **Trade and Consumer Protection, 8911 Agriculture Drive, Madison, WI 53708-8911**
25 **(phone 608/224-4998).**

1 **EFFECTIVE DATE.** This rule takes effect on the first day of the month following
2 publication in the Wisconsin administrative register, as provided in s. 227.22(2)(intro.),
3 Stats.

Dated this _____ day of _____, _____.

STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE, TRADE
AND CONSUMER PROTECTION

By _____
Rodney J. Nilsestuen, Secretary

Wisconsin Department of Agriculture, Trade and Consumer Protection

Business Impact Analysis¹

Rule Subject: Agricultural Producer Security
Adm. Code Reference: ATCP 99, 100 and 101
Rules Clearinghouse #: 05-068
DATCP Docket #: 05-R-01

Rule Description

This rule amends current rules related to the agricultural producer security program under ch. 126, Stats. The program is designed to protect agricultural producers from catastrophic financial defaults by grain dealers, grain warehouse keepers, milk contractors and vegetable contractors (collectively referred to as “contractors”) who procure agricultural commodities from producers.

This rule does all of the following:

- It permits a licensed contractor to file *voluntary* security for the benefit of producers if the contractor’s estimated default exposure exceeds the maximum amount payable from the Wisconsin agricultural producer security fund. A contractor who files voluntary security may pay lower fund assessments and make more favorable disclosures to producers. A voluntary security filing does not relieve a contractor of any other duty to file security or pay fund assessments.
- It changes and simplifies the disclosures that contractors must give to producers.
- It clarifies current grain warehouse keeper record keeping requirements.

Businesses Affected

This rule affects grain dealers, grain warehouse keepers, milk contractors and vegetable contractors that procure agricultural commodities from agricultural producers. Many of these businesses are small businesses, but others are very large. This rule benefits agricultural producers (many of whom are small businesses), by improving security protection for those producers.

¹ This analysis includes, but is not limited to, a small business analysis (“regulatory flexibility analysis”) under s. 227.114, Stats..

Effects on Business

This rule will have a minimal impact on most grain dealers, grain warehouse keepers, milk contractors and vegetable contractors. It gives some contractors the *option* of filing additional security (it does not change or add to current mandatory filing requirements). Contractors who file voluntary security may benefit from reduced fund assessments and more favorable disclosures to producers. The security provisions in this rule affect very large contractors, and do not affect small contractors.

This rule changes and simplifies current contractor disclosures to producers. In some cases, current disclosures overstate the amount of security coverage afforded to producers. Some contractors may incur one-time costs to change their disclosure forms, but this will not be a major expense for affected contractors.

This rule clarifies current grain warehouse record keeping requirements, but does not add major new record keeping requirements. The changes will not have a major impact on affected contractors.

Effects on Small Business

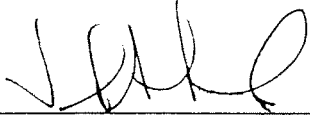
This rule will not have significant impact on "small business," except that it will have a positive impact on agricultural producers. Producers will receive more accurate information from contractors, and in some cases will receive more complete security protection. Because this rule has no significant adverse effects on small business, and has a positive impact on agricultural producers, there is no need to provide any special accommodation for small business.

Conclusion

This rule will benefit agricultural producers, and will not have a significant adverse effect on other businesses. This rule will not have a significant effect on small business, except that it will benefit agricultural producers. Compliance with this rule will not require additional professional services, and will not entail significant costs. While some (large) businesses may entail significant costs for security filings, that cost is *voluntary* and may be offset by other benefits.

Dated this 20 day of October, 2005.

STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE,
TRADE AND CONSUMER PROTECTION

By 
Janet Jenkins, Administrator,
Division of Trade and Consumer Protection

Fiscal Estimate Worksheet — 2001 Session
 Detailed Estimate of Annual Fiscal Effect

- Original Updated
 Corrected Supplemental

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number DATCP Docket #

Subject
 Agricultural Producer Security, Chapters ATCP 99, 100 and 101

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

Annualized Costs:	Annualized Fiscal Impact on State Funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations — Salaries and Fringes	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations — Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
Total State Costs by Category	\$	\$ -
B. State Costs by Source of Funds		
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
State Revenues	Increased Revenue	Decreased Revenue
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		- 50,000
Total State Revenues	\$	\$ - 50,000

Net Annualized Fiscal Impact

	<u>State</u>	<u>Local</u>
Net Change in Costs	\$ _____	\$ _____
Net Change in Revenues	\$ -50,000	\$ _____

Prepared By:	Telephone No.	Agency
Kevin LeRoy	608/224-4928	DATCP
Authorized Signature	Telephone No.	Date (mm/dd/ccyy)

Fiscal Estimate — 2001 Session

- Original Updated
 Corrected Supplemental

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number DATCP Docket # 05-R-01

Subject
 Agricultural Producer Security, Chapters ATCP 99, 100 and 101.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs — May be possible to absorb within agency's budget.
 Yes No

Decrease Costs

Local: No Local Government Costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory
3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Chapter 20 Appropriations
 s. 20.115(1)(w) and (wb)

Assumptions Used in Arriving at Fiscal Estimate

The Agricultural Producer Security Fund is a trust fund established under s. 25.463, Wis. Stats. Generally, there are two types of revenues that flow into this fund: "indemnity assessments" and "license fees". The indemnity assessments are collected from contractors and are based on the contractor's total purchases (or licensed storage capacity) and balance sheet ratios. These funds are held for the benefit of producers in the event a contractor fails to pay. License fees are collected from contractors and are used to administer the program.

Currently, the Agricultural Producer Security Fund has a balance of roughly \$6.1 Million, enough to cover a total default of almost \$3.7 million. However, there are a few contractors whose estimated default exposure is near \$20 million. Originally, the fund was intended to be backed by commercial bonds or some other type of contingent financing in the event of a very large default. However, no vendor has been willing to supply an acceptable package.

This rule grants authority for contractors whose estimated default exposure exceeds the maximum fund reimbursement amount to file individual security (such as a bond or letter of credit) with the department. In exchange, these contractors would receive a proportionate reduction on their annual assessment. These reductions will lead to reduced revenues to the indemnity portions of the fund.

It is impossible to accurately estimate the specific amount of revenue reductions because it is not possible to know how many contractors will voluntarily post security. If no contractors volunteer to post security, the fiscal effect of this proposed rule would be zero. If all eligible contractors volunteer to post security, the fiscal effect would be approximately \$203,000 per year initially, and then lesser amounts in future years. We predict the actual amount will be around \$50,000 per year initially, with lesser amounts in future years.

It is important to note that the revenue reduction presented by the proposed rule would effect only the indemnity portions of the fund. The portions of the fund that the department uses for day-to-day operations would remain intact.

Long-Range Fiscal Implications

The indemnity fund assessment rates and factors are established by statute. The amount of assessments is scheduled to go down over the next few license years. Any reduction in revenue that results from this rule will decrease along with the overall assessment revenue.

Prepared By: Kevin LeRoy	Telephone No. 608/224-4928	Agency DATCP
Authorized Signature <i>Barbara Knapp</i>	Telephone No. 224-4746	Date (mm/dd/ccyy) 10/20/05

**Wisconsin Department of Agriculture, Trade and Consumer Protection
Division of Trade and Consumer Protection**

Agricultural Producer Security Rulemaking

**Summary of Hearings
Prepared on September 26, 2005**

Administrative Code Reference: Chapters ATCP 99, 100 and 101

DATCP Docket Number: 05-R-01

Rules Clearinghouse Rule Number: 05-068

DATCP held three hearings on this proposed rule. A summary of each hearing follows.

- Wednesday, August 10, 2005 at the DATCP Northwest Regional Office in Eau Claire, Wisconsin

Four individuals attended the hearing. None of them offered testimony. Only one registered an opinion on the proposed rule (in support).

- Ronald Collett, representing Dairy Farmers of America (registered support of proposed rule).
- Casey Marstaller, representing The County Today
- Jeff Baldwin, representing State Senator Ron Brown
- Hannah Vick, representing State Senator Ron Brown

- Friday, August 12, 2005 at the DATCP Headquarters (Prairie Oak State Office Building) in Madison, Wisconsin

Four individuals attended the Madison hearing. One individual, John Umhoefer, of the Wisconsin Cheese Makers Association offered testimony on the proposed rule. Mr. Umhoefer submitted his testimony both verbally and in writing. A copy of the written testimony is attached. The hearing attendees included:

- Trisha Crochan, representing Whyte, Hirschboeck Dodek Government Affairs.
- Jim Cisler, DATCP
- John Umhoefer, Wisconsin Cheesemakers Association.
- One unknown individual (did not sign in).

- Tuesday, August 16, 2005 at the DATCP Northwest Regional Office in Green Bay, Wisconsin.

There were no attendees at this hearing.

Subsequent to the hearings, DATCP received written testimony from John Exner representing the Midwest Food Processor's Association. A copy of Mr. Exner's written testimony is attached.



Ruby, Erin

From: Rep.Ott
Sent: Friday, December 23, 2005 7:40 AM
To: Rep.Ainsworth; Rep.Gronemus; Rep.Hines; Rep.Loeffelholz; Rep.Molepske; Rep.Nerison; Rep.Parisi; Rep.Petrowski; Rep.Steinbrink; Rep.Suder; Rep.Towns; Rep.Vruwink; Rep.WilliamsM; Rep.Ziegelbauer
Cc: Anderson, John; Berken, Nathan; Christopher, Marc; Cross, William; Deering, Bonnie; Emerson, Anne; Gaston, Geoff; Hilgemann, Luke; Hilton, Stephanie; Hutkowski, Hariah; Jahnke, Carolyn; Junck, Linda; Kostelic, Luanne; Kraak, Maureen; Langan, Casey; Loomans, Scott; Mueller, Virginia (Legislature); Parrott, Douglas; Patronsky, Mark; Peterson, Eric; Pfohl, Mike; Polzin, Cindy; Redell, Carol; 'Scott, Katie'; Shea, Heather; Whitmore, Lori; Zutz, Toby
Subject: Clearinghouse Rule Referred to Assembly Committee on Agriculture
Attachments: CR 05-068.PDF

The following Clearinghouse Rule has been referred to the Assembly Committee on Agriculture for a 30 day review period:

Clearinghouse Rule 05-068: Relating to agricultural producer security.

A copy of the rule is attached. Please contact my office if you have any questions or would like to request a hearing on this rule.

The initial 30 day deadline for committee review is Thursday, January 19, 2006.



CR 05-068.PDF (1 MB)

Tracking:

Recipient

Read

Rep.Ainsworth
Rep.Gronemus
Rep.Hines
Rep.Loeffelholz
Rep.Molepske
Rep.Nerison
Rep.Parisi
Rep.Petrowski
Rep.Steinbrink
Rep.Suder
Rep.Towns
Rep.Vruwink
Rep.WilliamsM
Rep.Ziegelbauer
Anderson, John
Berken, Nathan
Christopher, Marc
Cross, William
Deering, Bonnie
Emerson, Anne
Gaston, Geoff
Hilgemann, Luke

Read: 12/23/2005 9:01 AM

DATE: December 20, 2005

TO: Erin Ruby

Committee on Agriculture

FROM: Patrick E. Fuller, Assembly Chief Clerk

RE: Clearinghouse Rules Referral

The following Clearinghouse Rule has been referred to your committee.

CLEARINGHOUSE RULE 05-068

AN ORDER to renumber ATCP 100.01 (1); to amend ATCP 99.01 (1), 99.135 (2) (intro.), 99.255 (2) (intro.), 100.135 (2) (intro.), 101.20 (1) and 101.255 (2) (intro.); to repeal and recreate ATCP 99.135 (1), 99.14 (2), 99.255 (1), 99.26 (2), 100.135 (1), 100.20 (2), 101.255 (1) and 101.26 (2); and to create ATCP 99.01 (4m), (6m), (8m) and (14m), 99.135 (1) (note), 99.255 (1) (note), 99.27, 100.01 (1), (2m), (4g), (4m), (4p), and (14r), 100.135 (1) (note), 101.20 (2m), (3g), (3m) and (3r) and 101.255 (1) (note), relating to agricultural producer security.

Submitted by **Department of Agriculture, Trade and Consumer Protection.**

Report received from Agency on **December 19, 2005.**

To committee on **Agriculture.**

Referred on **Tuesday, December 20, 2005.**

Last day for action - **Thursday, January 19, 2006.**

Under section 227.19 (4) of the Wisconsin Statutes, your committee has 30 days to take action or get an extension. The day **after** the official referral date is day one of your review period. Therefore, the 30th day should fall four weeks and two days after the referral date. For example, for Clearinghouse Rules referred on a Monday, a Wednesday would be your 30th day. For Clearinghouse Rules referred on a Tuesday, a Thursday would be your 30th day. For Clearinghouse Rules referred on a Wednesday, a Friday would be your 30th day. For Clearinghouse Rules referred on a Thursday or Friday, your 30th day would fall on a weekend. Therefore, your time would expire on the next working day (Monday) as provided for in s. 990.001 of the Wisconsin Statutes. Also, if the 30th day falls on a legal holiday, time would expire on the next working day.

Section 227.19 **requires** you to notify each member of your committee that you have received this Clearinghouse Rule. Although some committee chairs choose to do so, you are not required by law or rule to send a copy of the text of the rule to each member at this time. Instead, your notice could state that members should contact you if they wish to receive a hard copy of the rule. Another option would be to email the rule to members. **(Please note that the text of Rules beginning with the prefix "01" is available online in the Clearinghouse Rules infobase in FOLIO.)** Please put a copy of your official notification memo in the rule jacket.

Three copies of the Clearinghouse Rule and its accompanying documents are contained in the jacket. If you wish to have your Legislative Council attorney review the Clearinghouse Rule, send him/her a copy. I only need one copy remaining in the jacket when you report it out of committee at the end of the review period.

The identical process is happening simultaneously in the Senate. Keep track of their action on the rule.

For assistance with the Clearinghouse Rule process, please consult Kay Inabnet (6-5550) or your Legislative Council attorney. If you wish to learn more on this subject, read *Review of Administrative Rules* which is part of the Legislative Council's Wisconsin Legislator Briefing Book series, section 227.19 of the Wisconsin Statutes or part 2 of the *Administrative Rules Procedures Manual* written by the Revisor of Statutes Bureau and the Wisconsin Legislative Council staff.



Dan Kapanke

Wisconsin State Senator - 32nd District



January 19, 2006

Secretary Rod Nilsestuen
Department of Agriculture, Trade, and Consumer Protection
P.O. Box 8911
Madison, WI 53718-8911

Dear Secretary Nilsestuen:

SUBJECT: Meeting Request on Clearinghouse Rule 05-068

Dear Secretary Nilsestuen:

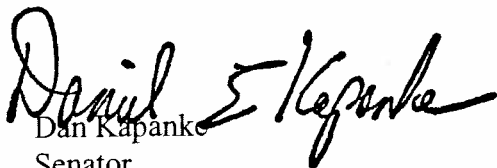
By this letter, I am requesting a meeting with the Secretary of the Department of Agriculture, Trade, and Consumer Protection regarding the following clearinghouse rule:

05-068	Relating to Agriculture Producer Security
--------	---

Pursuant to s. 227.19 (4) (b) 1.a., this will extend our review period for another 30 days from today's date. The extra time to consider this rule will be very helpful.

I look forward to discussing this issue with you and will have my staff contact your office to schedule this meeting.

Sincerely,



Dan Kapanke
Senator
32nd District
Chair, Senate Committee on Agriculture and Insurance

CC: David Lovell – Legislative Council, 401 East Main
Jeff Renk – Assistant Chief Clerk
Representative Alvin Ott – 323 North State Capitol





Al Ott

State Representative • 3rd Assembly District

January 19, 2006

Secretary Rod Nilsestuen
Wisconsin Department of Agriculture, Trade & Consumer Protection
P.O. Box 8911
Madison, WI 53708-8911

Dear Secretary Nilsestuen,

This letter is to inform you that the following clearinghouse rule has been reported out of the Assembly Committee on Agriculture:

Clearinghouse Rule #05-068

A public hearing was not held, and no action was taken on the rule.

Please feel free to contact my office if you should have any questions.

Sincerely,

Al Ott
State Representative
Chair, Assembly Committee on Agriculture