

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>17-1572/2</b>	<b>Introduction Number</b> <b>AB-0698</b>
<b>Description</b> various changes to the Agricultural Producer Security Program, providing an exemption from emergency rule procedures, and granting rule-making authority	
<b>Fiscal Effect</b>	
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue                  5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	
<b>Agency/Prepared By</b> DATCP/ David Woldseth (608) 224-5164	<b>Authorized Signature</b> Jason Gherke (608) 224-4748
<b>Date</b> 12/11/2017	

## Fiscal Estimate Narratives

DATCP 12/11/2017

LRB Number	17-1572/2	Introduction Number	AB-0698	Estimate Type	Original
<b>Description</b> various changes to the Agricultural Producer Security Program, providing an exemption from emergency rule procedures, and granting rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

This bill makes changes to the Agricultural Producer Security Program, which is administered by the Department of Agriculture, Trade and Consumer Protection. The program is designed to minimize the risk that certain persons will default on their financial obligations to vegetable, dairy, or grain producers. Under the program, anyone purchasing grain, milk, or vegetables (for processing) from producers is required to be licensed by DATCP, and most licensees (contractors) must pay into the Agricultural Producer Security Fund (Fund). If a contractor defaults, the Fund reimburses a producer for a portion of the losses that the producer incurs as a result of the default.

More specifically:

The bill would exempt a person who procures vegetables that are grown for use in food processing from a vegetable producer, or the producer's agent, from requirements if the person spends less than \$15,000 per year on procuring vegetables. This change would reduce DATCP revenues by \$500 since this is a very small aspect of the current program.

The bill permits milk contractors and producers to enter into agreements to defer payment for milk up to 120 days and requires DATCP to promulgate rules. This change will increase revenues into the Fund, which is administered by the Department. The increase is due to additional default risk caused by allowing payments to be deferred for up to four months. The amount of the increase is indeterminate because it is not known how many producers will elect to defer payments or how much will be deferred. DATCP must also engage in rulemaking to develop the deferred payment assessment rate, but that rulemaking will not require additional staff or resources for the agency.

The bill combines the separate fund balances attributable to grain dealers and grain warehouse keepers into a single fund balance attributable to both. Since this merely changes how the fund balance is accounted for, it will neither increase nor decrease Department revenues or expenditures.

The bill allows DATCP to deny certain claims if producers do not also file claims in ongoing bankruptcy or state receivership proceedings. The bill also grants DATCP subrogation rights to seek reimbursement in these proceedings for amounts paid to producers from the Fund. Since the potential loss from any future defaults is unknown, the Department cannot project the fiscal impact of this provision.

Finally, the bill lowers the amount of security that may be required for deferred payments under certain circumstances; and it eliminates the need that certain statements be sworn and notarized. Both would have negligible effect on program costs.

### Long-Range Fiscal Implications

Indeterminate. DATCP cannot know how many will participate in the deferred payment programs.

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
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<b>Description</b> various changes to the Agricultural Producer Security Program, providing an exemption from emergency rule procedures, and granting rule-making authority		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  DATCP does not anticipate any one-time costs or revenue impacts.		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
DATCP/ David Woldseth (608) 224-5164		12/11/2017
Jason Gherke (608) 224-4748		