



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2003 Wisconsin Act 238 [2003 Senate Bill 455]	Milk Producer Security
2003 Acts: www.legis.state.wi.us/2003/data/acts/	Act Memos: www.legis.state.wi.us/lc/act_memo/act_memo.htm

2003 Wisconsin Act 238 relates to the milk producer security program and, in particular, to the requirements on milk contractors under that program.

Milk contractors (a category of entities that buy milk from milk producers) must provide security to ensure payment of their obligations to milk producers. The primary way of providing security is to make payments to the Agricultural Producer Security Fund. However, milk contractors may be disqualified from participation in the fund for any of several reasons. Disqualified milk contractors must provide alternative forms of security.

A milk contractor that reports more than \$1.5 million in annual milk payroll obligations *and* negative equity is required to file separate security. The Department of Agriculture, Trade and Consumer Protection (DATCP) may release this security if a milk contractor reports annual milk payroll obligations of not more than \$1.5 million *or* positive equity in two consecutive years.

Milk contractors are required to file annual audited financial statements with DATCP.

Act 238 provides that a milk contractor that is required to file security because the milk contractor reports more than \$1.5 million in annual milk payroll obligations and negative equity may, in lieu of filing an audited financial statement, file a compilation of financial information acceptable to the DATCP, accompanied by a sworn statement of the information's validity.

The Act also modifies the conditions for release of security based on a showing of positive equity. It allows the DATCP to release the security of a milk contractor that shows positive equity for two consecutive years if that equity is documented in audited financial statements and the milk contractor reports not more than \$6 million in annual milk payroll obligations.

Effective Date: Act 238 takes effect on April 27, 2004.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents.

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