

SENATE BILL 55

1 *–1590/3.3* **SECTION 2754.** 119.235 of the statutes is renumbered 118.37, and
2 118.37 (1), (2) (intro.), (b), (d), (e) 2. and (f) and (3) to (5), as renumbered, are amended
3 to read:

4 118.37 (1) ~~The~~ A school board may contract with any nonsectarian private
5 school located in the ~~city~~ school district or any nonsectarian private agency located
6 in the ~~city~~ school district to provide educational programs to pupils enrolled in the
7 school district ~~operating under this chapter~~. The school board shall ensure that each
8 private school or agency under contract with the board complies with ss. 118.125 and
9 118.13, 20 USC 1232g, 20 USC 1681 to 1688, 20 USC 3171 to 3197, 29 USC 794, 42
10 USC 2000d, and 42 USC 6101 to 6107, and all health and safety laws and rules that
11 apply to public schools.

12 (2) (intro.) Each private school or agency under contract with the school board
13 shall do all of the following:

14 (b) Participate in the school board's parent information program.

15 (d) Meet insurance and financial requirements established by the school board.

16 (e) 2. A pupil selection process that gives preference to the siblings of enrolled
17 pupils and that gives no other preferences except those approved by the school board.

18 (f) Report to the school board any information requested by the school board.

19 (3) Any pupil enrolled in the school district ~~operating under this chapter~~ may
20 attend, at no charge, any private school or agency with which the school board has
21 contracted under sub. (1) if space is available in the private school or agency.

22 (4) The school board shall establish appropriate, quantifiable performance
23 standards for pupils at each private school or agency with which it contracts in such
24 areas as attendance, reading achievement, pupil retention, pupil promotion, parent
25 surveys, credits earned, and grade point average.

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1 (5) Annually, the school board shall monitor the performance of the program
2 under this section. The school board may use the results of standardized basic
3 educational skills tests to do so. The school board shall include a summary of its
4 findings in its annual report to the state superintendent ~~under s. 119.44.~~

5 *~~1598/1.6~~* **SECTION 2755.** 119.48 (4) (b) of the statutes is amended to read:

6 119.48 (4) (b) The communication shall state the purposes for which the funds
7 from the increase in the levy rate will be used and shall request the common council
8 to submit to the voters of the city the question of exceeding the levy rate specified in
9 s. 65.07 (1) (f) ~~at the September election or a special election.~~

10 *~~1598/1.7~~* **SECTION 2756.** 119.48 (4) (c) of the statutes is amended to read:

11 119.48 (4) (c) Upon receipt of the communication, the common council shall file
12 the communication as provided in s. 8.37 and shall cause the question of exceeding
13 the levy rate specified under s. 65.07 (1) (f) to be submitted to the voters of the city
14 at the ~~September election or at a special election~~ next regularly scheduled spring
15 election or general election that occurs not sooner than 42 days after receipt of the
16 communication or at a special election held on the Tuesday after the first Monday in
17 November in an odd-numbered year if that date occurs not sooner than 42 days after
18 receipt of the communication. The question of exceeding the levy rate specified under
19 s. 65.07 (1) (f) shall be submitted so that the vote upon exceeding the levy rate
20 specified in s. 65.07 (1) (f) is taken separately from any other question submitted to
21 the voters. If a majority of the electors voting on the question favors exceeding the
22 levy rate specified under s. 65.07 (1) (f), the common council shall approve the
23 increase in the levy rate and shall levy and collect a tax equal to the amount of money
24 approved by the electors.

25 *~~1598/1.8~~* **SECTION 2757.** 119.49 (1) (b) of the statutes is amended to read:

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1 119.49 (1) (b) The communication shall state the amount of funds needed under
2 par. (a) and the purposes for which the funds will be used and shall request the
3 common council to submit to the voters of the city ~~at the next election held in the city~~
4 the question of issuing school bonds in the amount and for the purposes stated in the
5 communication.

6 *~~1598/1.9~~* **SECTION 2758.** 119.49 (2) of the statutes is amended to read:

7 119.49 (2) Upon receipt of the communication, the common council shall file
8 the communication as provided in s. 8.37 and shall cause the question of issuing such
9 school bonds in the stated amount and for the stated school purposes to be submitted
10 to the voters of the city ~~at the next election held in the city~~ regularly scheduled spring
11 election or general election that occurs not sooner than 42 days after receipt of the
12 communication or at a special election held on the Tuesday after the first Monday in
13 November in an odd-numbered year if that date occurs not sooner than 42 days after
14 receipt of the communication. The question of issuing such school bonds shall be
15 submitted so that the vote upon issuing such school bonds is taken separately from
16 any other question submitted to the voters. If a majority of the electors voting on the
17 school bond question favors issuing such school bonds, the common council shall
18 cause the school bonds to be issued immediately or within the period permitted by
19 law, in the amount requested by the board and in the manner other bonds are issued.

20 *~~1301/5.102~~* **SECTION 2759.** 120.06 (5) of the statutes is repealed.

21 *~~1392/3.3~~* **SECTION 2760.** 120.12 (15) of the statutes is amended to read:

22 120.12 (15) **SCHOOL HOURS.** Establish rules scheduling the hours of a normal
23 school day. The school board may differentiate between the various elementary and
24 high school grades in scheduling the school day. The equivalent of 180 such days, as
25 defined in s. 115.01 (10), shall be held during the school term. This subsection shall

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1 not be construed to eliminate a school district's duty to bargain ~~with the employee's~~
2 ~~collective bargaining representative over any calendaring proposal which is~~
3 ~~primarily related to~~ collectively with respect to the impact of the school calendar on
4 wages, hours, and conditions of employment.

5 ***-1396/1.1* SECTION 2761.** 121.004 (6) of the statutes is amended to read:

6 121.004 (6) NET COST. The "net cost" of a fund means the gross cost of that fund
7 minus all nonduplicative revenues and other financing sources of that fund except
8 property taxes ~~and~~, general aid, and aid received under s. 79.095 (4). In this
9 subsection, "nonduplicative revenues" includes federal financial assistance under 20
10 USC 236 to 245, to the extent permitted under federal law and regulations.

11 ***-0886/3.9* SECTION 2762.** 121.007 of the statutes is amended to read:

12 **121.007 Use of state aid; exemption from execution.** All moneys paid to
13 a school district under s. 20.255 (2) (ac), (bc), (cg), and (cr) ~~and (q)~~ shall be used by
14 the school district solely for the purposes for which paid. Such moneys are exempt
15 from execution, attachment, garnishment, or other process in favor of creditors,
16 except as to claims for salaries or wages of teachers and other school employees and
17 as to claims for school materials, supplies, fuel, and current repairs.

18 ***-1693/7.5* SECTION 2763.** 121.02 (1) (a) 1. of the statutes is amended to read:

19 121.02 (1) (a) 1. Ensure that every teacher, supervisor, administrator and
20 professional staff member holds a certificate, license or permit to teach issued by the
21 department before entering on duties for such position. This subdivision does not
22 apply to supervisors, administrators, or noninstructional, professional staff
23 members of school boards with expanded flexibility under s. 118.39.

24 ***-2358/4.43* *-1880/3.26* SECTION 2764.** 121.02 (1) (r) of the statutes is
25 amended to read:

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1 121.02 (1) (r) Except as provided in s. 118.40 (2r) (d) 2., annually administer
2 a standardized reading test developed by the ~~department~~ board on education
3 evaluation and accountability to all pupils enrolled in the school district in grade 3,
4 including pupils enrolled in charter schools located in the school district.

5 ***-1590/3.4* SECTION 2765.** 121.05 (1) (a) 10. of the statutes is amended to read:

6 121.05 (1) (a) 10. Pupils attending a private school or agency under contract
7 with the board under s. ~~119.235~~ 118.37.

8 ***-1631/1.1* SECTION 2766.** 121.07 (6) (d) 1. of the statutes is repealed and
9 recreated to read:

10 121.07 (6) (d) 1. The “secondary ceiling cost per member” is \$6,900 in the
11 2001–02 school year and \$7,300 in the 2002–03 school year.

12 ***-1631/1.2* SECTION 2767.** 121.07 (6) (d) 2. of the statutes is amended to read:

13 121.07 (6) (d) 2. The “secondary ceiling cost per member” in the ~~1997–98~~
14 2003–04 school year and in each school year thereafter is an amount determined by
15 multiplying the secondary ceiling cost per member in the previous school year by 1.0
16 plus the rate certified under s. 73.03 (46) expressed as a decimal.

17 ***-0886/3.10* SECTION 2768.** 121.09 (1) of the statutes is amended to read:

18 121.09 (1) If, on or after July 1, 1980, the tax appeals commission or a court
19 makes a final redetermination on the assessment of property subject to taxation
20 under s. 70.995 that is lower than the previous assessment, or if, on or after January
21 1, 1982, the state board of assessors makes a final redetermination on the
22 assessment of property subject to taxation under s. 70.995 that is lower than the
23 previous assessment, the school board of the school district in which the property is
24 located may, within 4 years after the date of the determination, decision, or
25 judgment, file the determination of the state board of assessors, the decision of the

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1 tax appeals commission, or the judgment of the court with the state superintendent,
2 requesting an adjustment in state aid to the school district. If the state
3 superintendent determines that the determination, decision, or judgment is final
4 and that it has been filed within the 4-year period, the state shall pay to the school
5 district in the subsequent fiscal year, from the ~~appropriations~~ appropriation under
6 s. 20.255 (2) (ac) ~~and (q)~~, an amount equal to the difference between the state aid
7 computed under s. 121.08 for the school year commencing after the year subject to
8 the valuation recertification, using the school district's equalized valuation as
9 originally certified, and the state aid computed under s. 121.08 for that school year
10 using the school district's equalized valuation as recertified under s. 70.57 (2).

11 ***-1395/3.1* SECTION 2769.** 121.105 (2) (a) 1. of the statutes is renumbered
12 121.105 (2) (am) and amended to read:

13 121.105 (2) (am) If a school district would receive less in state aid in the current
14 year before any adjustment is made under s. 121.15 (4) (b) than an amount equal to
15 85% of the sum of the state aid that it received in the previous school year and the
16 adjustment, if any, made under s. 121.15 (4) (b) in the current school year, its state
17 aid for the current school year shall be increased to an amount equal to 85% of the
18 state aid received in the previous school year.

19 ***-1395/3.2* SECTION 2770.** 121.105 (2) (a) 2. of the statutes is repealed.

20 ***-1395/3.3* SECTION 2771.** 121.105 (2) (a) 3. of the statutes is repealed.

21 ***-0886/3.11* SECTION 2772.** 121.105 (3) of the statutes is amended to read:

22 121.105 (3) In the school year in which a school district consolidation takes
23 effect under s. 117.08 or 117.09 and in each of the subsequent 4 school years, the
24 consolidated school district's state aid shall be an amount that is not less than the
25 aggregate state aid received by the consolidating school districts in the school year

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1 prior to the school year in which the consolidation takes effect. The additional state
2 aid shall be paid from the ~~appropriations~~ appropriation under s. 20.255 (2) (ac) and
3 (~~q~~).

4 ***-0960/2.3* SECTION 2773.** 121.14 (1) of the statutes is amended to read:

5 121.14 (1) State aid shall be paid to each district, operator of a charter school
6 under s. 118.40 (2r), or county children with disabilities education board only for
7 those academic summer classes or laboratory periods that are for necessary
8 academic purposes, as defined by the state superintendent by rule. Recreational
9 programs and team sports shall not be eligible for aid under this section, and pupils
10 participating in such programs shall not be counted as pupils enrolled under s.
11 121.004 (5) nor shall costs associated with such programs be included in shared costs
12 under s. 121.07 (6).

13 ***-0960/2.4* SECTION 2774.** 121.14 (2) (b) of the statutes is amended to read:

14 121.14 (2) (b) Annually on or before October 1, the school district clerk,
15 appropriate administrator of a charter school under s. 118.40 (2r), or chairperson of
16 the county children with disabilities education board shall file with the department
17 a report stating the summer average daily membership equivalent.

18 ***-0886/3.12* SECTION 2775.** 121.15 (1m) (a) (intro.) and 3. of the statutes are
19 consolidated, renumbered 121.15 (1m) (a) and amended to read:

20 121.15 (1m) (a) Notwithstanding subs. (1) and (1g), ~~a portion of state aid to~~
21 ~~school districts shall be distributed as follows:~~ 3. Beginning beginning in the
22 1999–2000 school year, annually the state shall pay to school districts, from the
23 appropriation under s. 20.255 (2) (ac), \$75,000,000 on the 4th Monday in July of the
24 following school year.

25 ***-0886/3.13* SECTION 2776.** 121.15 (1m) (a) 1. of the statutes is repealed.

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1 ***-0886/3.14*** **SECTION 2777.** 121.15 (1m) (a) 2. of the statutes is repealed.

2 ***-0886/3.15*** **SECTION 2778.** 121.15 (1m) (b) of the statutes is amended to read:

3 121.15 (1m) (b) The percentages under subs. (1) (a) and (1g) (a) shall be reduced
4 proportionally to reflect the ~~payments~~ payment made under par. (a). School districts
5 shall treat the ~~payments~~ payment made in July under par. (a) as if ~~they~~ it had been
6 received in the previous school year.

7 ***-0886/3.16*** **SECTION 2779.** 121.15 (3m) (a) 1. of the statutes is amended to
8 read:

9 121.15 (3m) (a) 1. “Partial school revenues” means the sum of state school aids,
10 other than the ~~amounts~~ amount appropriated under s. 20.255 (2) ~~(bi) and (cv)~~;
11 property taxes levied for school districts; and aid paid to school districts under s.
12 79.095 (4), less the amount of any revenue limit increase under s. 121.91 (4) (a) 2. due
13 to a school board’s increasing the services that it provides by adding responsibility
14 for providing a service transferred to it from another school board, less the amount
15 of any revenue limit increase under s. 121.91 (4) (a) 3., and less the amount of any
16 revenue limit increase under s. 121.91 (4) (h).

17 ***-0940/4.1*** **SECTION 2780.** 121.79 (1) (d) (intro.) of the statutes is amended to
18 read:

19 121.79 (1) (d) (intro.) For pupils in foster homes, treatment foster homes, or
20 group homes, if the foster home, treatment foster home, or group home is located
21 outside the school district in which the pupil’s parent or guardian resides and either
22 of the following applies:

23 ***-0940/4.2*** **SECTION 2781.** 121.79 (1) (d) 1. of the statutes is repealed.

24 ***-0940/4.3*** **SECTION 2782.** 121.79 (1) (d) 3. of the statutes is created to read:

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1 21.79 (1) (d) 3. The pupil is a child with a disability, as defined in s. 115.76 (5),
2 and at least 4% of the pupils enrolled in the school district reside in foster homes,
3 treatment foster homes, or group homes that are not exempt under s. 70.11.
4 Notwithstanding s. 121.83 (1) (d), the annual tuition rate for pupils under this
5 subdivision is the special annual tuition rate only, as described in s. 121.83 (1) (c).

6 *~~0886/3.17~~* **SECTION 2783.** 121.85 (6) (e) of the statutes is amended to read:

7 21.85 (6) (e) *Sources of aid payments.* State aid under this section shall be
8 paid from the appropriations appropriation under s. 20.255 (2) (ac) ~~and (q)~~.

9 *~~0886/3.18~~* **SECTION 2784.** 121.85 (8) of the statutes is amended to read:

10 21.85 (8) TRANSFERRED PUPILS. Pupils transferring schools under this section
11 shall be subject to the same rules and regulations as resident pupils and shall have
12 the responsibilities, privileges, and rights of resident pupils in the school district or
13 attendance area. Subject to this subsection, a pupil transferring schools under either
14 sub. (3) (a) or (b) has the right to complete his or her education at the elementary,
15 middle, or high school to which he or she transfers so long as full funding therefor
16 is available under s. 20.255 (2) (ac) ~~and (q)~~.

17 *~~0886/3.19~~* **SECTION 2785.** 121.85 (9) (c) of the statutes is amended to read:

18 21.85 (9) (c) The obligation under par. (a) to organize planning councils shall
19 apply only with regard to school terms for which full pupil transfer aids are
20 appropriated under s. 20.255 (2) (ac) ~~and (q)~~ and planning council assistance funds
21 are appropriated under s. 20.255 (1) (a).

22 *~~0941/2.1~~* **SECTION 2786.** 121.90 (1) (d) of the statutes is amended to read:

23 21.90 (1) (d) In determining a school district's revenue limit in the 2001–02
24 school year, a number equal to 20% of the summer enrollment in the year 1999 shall
25 be included in the number of pupils enrolled on the 3rd Friday of September 1999;

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1 a number equal to 40% of the summer enrollment in the year 2000 shall be included
2 in the number of pupils enrolled on the 3rd Friday of September 2000; and a number
3 equal to ~~40%~~ 25% of the summer enrollment in the year 2001 shall be included in the
4 number of pupils enrolled on the 3rd Friday of September 2001.

5 ***-0941/2.2* SECTION 2787.** 121.90 (1) (dm) of the statutes is amended to read:

6 121.90 (1) (dm) In determining a school district's revenue limit in the 2002–03
7 school year, a number equal to 40% of the summer enrollment in the year 2000 shall
8 be included in the number of pupils enrolled on the 3rd Friday of September 2000;
9 a number equal to ~~40%~~ 25% of the summer enrollment in the year 2001 shall be
10 included in the number of pupils enrolled on the 3rd Friday of September 2001; and
11 a number equal to ~~40%~~ 25% of the summer enrollment in the year 2002 shall be
12 included in the number of pupils enrolled on the 3rd Friday of September 2002.

13 ***-0941/2.3* SECTION 2788.** 121.90 (1) (dr) of the statutes is amended to read:

14 121.90 (1) (dr) In determining a school district's revenue limit in the 2003–04
15 school year and in each school year thereafter, a number equal to ~~40%~~ 25% of the
16 summer enrollment shall be included in the number of pupils enrolled on the 3rd
17 Friday of September of each appropriate school year.

18 ***-0935/4.1* SECTION 2789.** 121.905 (1) of the statutes is amended to read:

19 121.905 (1) In this section, "revenue ceiling" means ~~\$6,300~~ \$6,700 in the
20 ~~1999–2000~~ 2001–02 school year and in any subsequent school year means ~~\$6,500~~
21 \$6,900.

22 ***-2057/1.2* SECTION 2790.** 121.905 (3) (c) of the statutes is repealed and
23 recreated to read:

24 121.905 (3) (c) For the limit for the 2001–02 school year or for any school year
25 thereafter, add \$220.29 to the result under par. (b).

SENATE BILL 55**SECTION 2791**

1 *~~2057/1.3~~* **SECTION 2791.** 121.91 (2m) (e) (intro.) of the statutes is amended
2 to read:

3 121.91 (2m) (e) (intro.) Except as provided in subs. (3) and (4), no school district
4 may increase its revenues for the ~~1999–2000~~ 2001–02 school year or for any school
5 year thereafter to an amount that exceeds the amount calculated as follows:

6 *~~2057/1.4~~* **SECTION 2792.** 121.91 (2m) (e) 2. of the statutes is repealed.

7 *~~2057/1.5~~* **SECTION 2793.** 121.91 (2m) (e) 3. of the statutes is repealed and
8 recreated to read:

9 121.91 (2m) (e) 3. Add \$220.29 to the result under subd. 1.

10 *~~2057/1.6~~* **SECTION 2794.** 121.91 (2m) (r) 1. b. of the statutes is repealed and
11 recreated to read:

12 121.91 (2m) (r) 1. b. Add \$220.29 to the result under subd. 1. a.

13 *~~2057/1.7~~* **SECTION 2795.** 121.91 (2m) (r) 2. b. of the statutes is amended to
14 read:

15 121.91 (2m) (r) 2. b. For the school year beginning on the first July 1 following
16 the effective date of the reorganization the average of the number of pupils in the
17 current and the previous school years shall be used under pars. (c) 4., (d) 4., and (e)
18 ~~3. 4.~~ instead of the average of the number of pupils in the current and the 2 preceding
19 school years.

20 *~~1598/1.10~~* **SECTION 2796.** 121.91 (3) (a) of the statutes is amended to read:

21 121.91 (3) (a) If a school board wishes to exceed the limit under sub. (2m)
22 otherwise applicable to the school district in any school year, it shall promptly adopt
23 a resolution supporting inclusion in the final school district budget of an amount
24 equal to the proposed excess revenue. The resolution shall specify whether the
25 proposed excess revenue is for a recurring or nonrecurring purpose, or, if the

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1 proposed excess revenue is for both recurring and nonrecurring purposes, the
2 amount of the proposed excess revenue for each purpose. The resolution shall be filed
3 as provided in s. 8.37. Within 10 days after adopting the resolution, the school board
4 shall notify the department of the scheduled date of the referendum and submit a
5 copy of the resolution to the department. The school board shall call a ~~special~~
6 referendum for the purpose of submitting the resolution to the electors of the school
7 district for approval or rejection. ~~In lieu of a special referendum, the school board~~
8 ~~may specify that the referendum be held at the next succeeding spring primary or~~
9 ~~election or September primary or general election, if such election is to be held not~~
10 ~~sooner than 42 days after the filing of the resolution of the school board, or at a special~~
11 ~~election held on the Tuesday after the first Monday in November in an~~
12 ~~odd-numbered year if that date occurs not earlier than 42 days after the filing of the~~
13 ~~resolution of the school board.~~ The school district clerk shall certify the results of the
14 referendum to the department within 10 days after the referendum is held.

15 *~~1513/2.1~~* **SECTION 2797.** 121.91 (4) (dg) of the statutes is created to read:

16 121.91 (4) (dg) Notwithstanding par. (d), if a school district's revenue in the
17 preceding school year was less than the limit under sub. (2m) in the preceding school
18 year, the school district received an increase in aid under s. 121.15 (4) (b) in the
19 current school year, and the increase in aid was less than the amount determined
20 under subd. 2., the limit otherwise applicable to the school district's revenue in the
21 current school year under sub. (2m) is increased by an amount determined as follows:

22 1. Determine the increase in aid under s. 121.15 (4) (b).

23 2. Subtract the school district's revenue in the preceding school year from the
24 school district's limit under sub. (2m) in the preceding school year.

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1 3. Subtract from subd. 2. the amount determined under subd. 1. and multiply
2 the remainder by 0.75.

3 4. Add the results under subds. 1. and 3.

4 *–1513/2.2* **SECTION 2798.** 121.91 (4) (dr) of the statutes is created to read:

5 121.91 (4) (dr) Notwithstanding par. (d), if a school district's revenue in the
6 preceding school year was less than the limit under sub. (2m) in the preceding school
7 year, the school district received an increase in aid under s. 121.15 (4) (b) in the
8 current school year, and the increase in aid was equal to or greater than the amount
9 determined under par. (dg) 2., the limit otherwise applicable to the school district's
10 revenue in the current school year under sub. (2m) is increased by the difference
11 between the amount of its revenue in the preceding school year and the amount of
12 the limit in the preceding school year under sub. (2m).

13 *–0890/1.1* **SECTION 2799.** 121.92 (2) (c) of the statutes is amended to read:

14 121.92 (2) (c) If the amount of the deductions under pars. (a) and (b) is
15 insufficient to cover the excess revenue, order the school board to reduce the property
16 tax obligations of its taxpayers by an amount that represents the remainder of the
17 excess revenue. The school district's refunds to taxpayers who have already paid
18 their taxes shall be increased by interest at the rate of 0.5% per month. If the school
19 board violates the order, any resident of the school district may seek injunctive relief.
20 This paragraph does not apply to property taxes levied for the purpose of paying the
21 principal and interest on valid bonds or notes issued by the school board.

22 *–2318/3.1* **SECTION 2800.** 125.04 (12) (c) of the statutes is created to read:

23 125.04 (12) (c) *Retail license or permit for the same premises.* No municipality
24 may issue a Class "A," "Class A," Class "B," "Class B," or "Class C" license, and the
25 department may not issue a Class "B" or "Class B" permit, to an applicant if the

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1 premises described in the application for a license or permit is already covered by a
2 current license or permit of the same kind unless all of the following apply:

3 1. The applicant provides proof to the municipality or department that, not less
4 than 15 days nor more than 30 days before submitting the application, the current
5 licensee or permittee for the premises has provided to the applicant the name and
6 address of each fermented malt beverages wholesaler to whom the current licensee
7 or permittee is indebted.

8 2. The applicant provides proof to the municipality or department that, not less
9 than 15 days nor more than 30 days before submitting the application, the applicant
10 has notified each wholesaler identified under subd. 1. of the address and current
11 name of the premises for which the license or permit application is made, of the name
12 and address of the current licensee or permittee, and that the applicant is applying
13 for a license or permit for the premises.

14 3. The current licensee or permittee is not in violation of s. 125.33 (7) or 125.69
15 (4) unless the violation consists of an indebtedness discharged in bankruptcy.

16 4. The current licensee or permittee is not the subject of any proceeding under
17 s. 125.12.

18 ***-1301/5.103* SECTION 2801.** 125.05 (2) (h) of the statutes is amended to read:

19 125.05 (2) (h) *Number of electors.* The number of electors in a residence district
20 shall equal not less than the number of names with residences in the district which
21 appear on ~~a the~~ registration list, as defined in s. 5.02 (17). ~~If there is no registration~~
22 ~~list, the number of electors shall equal the number of names with residences in the~~
23 ~~district which appear on a poll list as defined in s. 5.02 (14) compiled at the last~~
24 ~~gubernatorial or presidential election, whichever is most recent, for the residence~~
25 district on the date that the remonstrance, consent, or counter petition is filed. A

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1 person whose name does not appear on a registration list ~~or poll list~~ may not sign a
2 protest petition, consent or counter petition.

3 ***-2318/3.2* SECTION 2802.** 125.06 (8) of the statutes is amended to read:

4 125.06 (8) SALE BY SECURED PARTY. The sale of alcohol beverages by a secured
5 party in good faith under the terms of a security agreement, if the sale is not for the
6 purpose of avoiding this chapter or ch. 139. The sale must be in the ordinary course
7 of the business of lending money secured by a security interest in alcohol beverages
8 or warehouse receipts or other evidence of ownership. A sale of fermented malt
9 beverages must be made within 30 days after the secured party takes possession of
10 the fermented malt beverages unless the secured party demonstrates good cause
11 why a sale in compliance with s. 409.504 or the security agreement cannot be made
12 within this time period.

13 ***-2318/3.3* SECTION 2803.** 125.145 of the statutes is amended to read:

14 **125.145 Prosecutions by attorney general.** Upon request by the secretary
15 of revenue, the attorney general may represent this state or assist a district attorney
16 in prosecuting any case arising under this chapter. Notwithstanding s. 971.19 (6),
17 upon request by the secretary of revenue, the attorney general may commence any
18 action to enforce s. 125.30 (1) in the circuit court for Dane County.

19 ***-2318/3.4* SECTION 2804.** 125.17 (6) (a) (intro.) of the statutes is amended to
20 read:

21 125.17 (6) (a) (intro.) Except as provided in par. (b), no municipal governing
22 body may issue an operator's license unless the applicant has successfully completed
23 a responsible beverage server training course at any location that is offered by a
24 technical college district and that conforms to curriculum guidelines specified by the
25 technical college system board or a comparable training course, which may include

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1 computer-based training and testing, that is approved by the department or the
2 educational approval board, or unless the applicant fulfills one of the following
3 requirements:

4 *–2318/3.5* **SECTION 2805.** 125.30 (6) of the statutes is created to read:

5 125.30 (6) Notwithstanding s. 125.11, the department shall issue a written
6 warning to any person located outside this state who sells or ships fermented malt
7 beverages into this state in violation of sub. (1) if the person has not previously
8 received a warning under this section. Any person located outside this state who
9 sells or ships fermented malt beverages into this state in violation of sub. (1) and who
10 has been previously issued a written warning under this subsection shall be fined not
11 more than \$10,000 or imprisoned for not more than 2 years or both.

12 *–2318/3.6* **SECTION 2806.** 125.33 (2) (a) of the statutes is amended to read:

13 125.33 (2) (a) Give to any campus or Class “B” licensee or permittee, during any
14 calendar year, for placement inside the premises, signs, clocks, or menu boards with
15 an aggregate value of not more than ~~\$150~~ \$2,500. If a gift of any item would cause
16 the ~~\$150~~ \$2,500 limit to be exceeded, the recipient shall pay the brewer or wholesaler
17 the amount of the item’s value in excess of ~~\$150~~ \$2,500. ~~Each recipient shall keep~~
18 ~~an invoice or credit memo containing the name of the donor~~ Both the donating brewer
19 or wholesaler and the recipient shall keep written documentation containing the
20 name of the recipient and donor and the number and value of items received provided
21 under this paragraph. The value of an item is its cost to the donor. Each donor and
22 recipient shall make the records kept under this paragraph available to the
23 department for inspection upon request.

24 *–2318/3.7* **SECTION 2807.** 125.33 (2) (b) 2. of the statutes is amended to read:

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1 125.33 (2) (b) 2. Signs made from paper ~~or~~, cardboard, plastic, or vinyl, or signs
2 made from other materials with a useful life of less than one year, for placement
3 inside the premises, notwithstanding the aggregate value limitation of par. (a).

4 ***-2318/3.8*** SECTION 2808. 125.33 (2) (L) of the statutes is renumbered 125.33
5 (2) (L) 1.

6 ***-2318/3.9*** SECTION 2809. 125.33 (2) (L) 2. of the statutes is created to read:

7 125.33 (2) (L) 2. Purchase advertising from any person who does not hold a
8 license or permit under this chapter and who conducts a bona fide advertising,
9 promotional, or media business, to promote brewer or wholesaler sponsored
10 sweepstakes, contests, or promotions on the premises of Class “B” licensees or
11 permittees if the advertising or promotional material or media includes at least 5
12 unaffiliated Class “B” licensees and if the Class “B” licensee on whose premises the
13 event will occur does not receive compensation, directly or indirectly, for hosting the
14 event.

15 ***-2318/3.10*** SECTION 2810. 125.33 (2) (L) 3. of the statutes is created to read:

16 125.33 (2) (L) 3. Conduct its own sweepstakes, contests, or promotions on the
17 premises of Class “B” licensees or permittees if the advertising or promotional
18 material or media for the event includes at least 5 unaffiliated Class “B” licensees
19 and if the Class “B” licensee on whose premises the event will occur does not receive
20 compensation, directly or indirectly, for hosting the event.

21 ***-2318/3.11*** SECTION 2811. 125.33 (2) (n) 2. of the statutes is amended to read:

22 125.33 (2) (n) 2. Notwithstanding subd. 1., no brewer or wholesaler may
23 provide business entertainment to a Class “B” licensee or permittee under subd. 1.
24 in one day that has a value exceeding ~~\$75~~ \$500, and no brewer or wholesaler may

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1 provide business entertainment to a Class “B” licensee or permittee under subd. 1.
2 on more than 12 days in any calendar year.

3 ***-2318/3.12*** **SECTION 2812.** 125.33 (2s) of the statutes is amended to read:

4 125.33 (2s) EXCEPTION FOR RETAIL TRADE ASSOCIATION CONTRIBUTIONS.

5 Notwithstanding the prohibitions in sub. (1), a brewer ~~that produces 350,000 or more~~
6 ~~barrels of fermented malt beverages annually~~ or wholesaler may contribute money
7 or other things of value to a bona fide national ~~or~~, statewide, or local trade association
8 which derives its principle income from membership dues of Class “B” licensees.

9 ***-0392/3.31*** **SECTION 2813.** Chapter 126 of the statutes is created to read:

10 **CHAPTER 126**

11 **AGRICULTURAL PRODUCER SECURITY**

12 **SUBCHAPTER I**

13 **GENERAL**

14 **126.01 General definitions.** In this chapter:

15 (1) “Affiliate” means any of the following persons:

16 (a) An owner, major stockholder, partner, officer, director, member, employee,
17 or agent of a contractor.

18 (b) A person owned, controlled, or operated by a person under par. (a).

19 (2) “Asset” means anything of value owned by a person.

20 (3) “Audited financial statement” means a financial statement on which an
21 independent certified public accountant, or an independent public accountant
22 holding a certificate of authority under ch. 442, has done all of the following:

23 (a) Stated that the financial statement presents fairly, in all material respects,
24 the financial position of a contractor as of a specific date or for a specific period,
25 according to one of the following:

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- 1 1. Generally accepted accounting principles.
- 2 2. The historical cost basis method of accounting, if the financial statement is
- 3 a sole proprietor's personal financial statement and the financial statement is
- 4 prepared on a historical cost basis.
- 5 (b) Conducted an audit according to generally accepted auditing standards.
- 6 (4) "Balance sheet" means a statement of assets, liabilities, and equity on a
- 7 specific date.
- 8 (5) "Contractor," unless otherwise qualified, means any of the following:
- 9 (a) A grain dealer, as defined in s. 126.10 (9).
- 10 (b) A grain warehouse keeper, as defined in s. 126.25 (9).
- 11 (c) A milk contractor, as defined in s. 126.40 (8).
- 12 (d) A vegetable contractor, as defined in s. 126.55 (14).
- 13 (6) "Current assets" means cash and other assets, including trade or
- 14 investment items, that may be readily converted into cash in the ordinary course of
- 15 business within one year after the date as of which the value of those assets is
- 16 determined.
- 17 (7) "Current liabilities" means those liabilities that are due within one year
- 18 after the date as of which the value of those liabilities is determined.
- 19 (8) "Department" means the department of agriculture, trade and consumer
- 20 protection.
- 21 (9) "Equity" means the value of assets less the value of liabilities.
- 22 (10) "Equity statement" means a report of the change in equity from the
- 23 beginning to the end of the accounting period covered by the report.
- 24 (11) "Fund" means the agricultural producer security fund established under
- 25 s. 25.463.

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1 (12) “Generally accepted accounting principles” means the accounting
2 standards adopted by the Financial Accounting Standards Board, except that for a
3 business entity organized and operating outside the United States “generally
4 accepted accounting principles” includes generally accepted foreign accounting
5 standards that are substantially equivalent to standards adopted by the Financial
6 Accounting Standards Board.

7 (13) “Grain” means corn, wheat, soybeans, oats, barley, rye, buckwheat,
8 sorghum, flax seed, milo, sunflower seed, and mixed grain, as defined in 7 CFR
9 810.801, except that “grain” does not include any of the following:

10 (a) Sweet corn or other canning crops for processing.

11 (b) Seed corn, wheat, soybeans, oats, barley, rye, buckwheat, sorghum, flax
12 seed, milo, sunflower seed, or mixed grain used or intended for use solely for planting
13 purposes.

14 (c) Corn, wheat, soybeans, oats, barley, rye, buckwheat, sorghum, flax seed,
15 milo, sunflower seed, or mixed grain that has been rolled, cracked, roasted, or
16 otherwise processed.

17 (14) “Income statement” means a report of the financial results of business
18 operations for a specific period.

19 (15) “Individual” means a natural person.

20 (16) “Interim financial statement” means a statement of financial condition
21 prepared for a period shorter than a fiscal year.

22 (17) “Milk” has the meaning given in s. 97.22 (1) (e).

23 (18) “Person,” notwithstanding s. 990.01 (26), means an individual,
24 corporation, cooperative, partnership, limited liability company, trust, state agency,

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1 as defined in s. 20.001 (1), local governmental unit, as defined in s. 66.0131 (1) (a),
2 or other legal entity.

3 (19) “Producer,” unless otherwise qualified, means a grain producer, as defined
4 in s. 126.10 (10), milk producer, as defined in s. 126.40 (10), or vegetable producer,
5 as defined in s. 126.55 (16).

6 (20) “Reviewed financial statement” means a contractor’s financial statement,
7 other than an audited financial statement, if all of the following apply:

8 (a) The contractor attests in writing, under oath, that the financial statement
9 is complete and accurate.

10 (b) The financial statement is reviewed by an independent certified public
11 accountant or by an independent public accountant who holds a certificate of
12 authority under ch. 442.

13 (21) “Security” means security filed or maintained under s. 126.16, 126.31,
14 126.47, or 126.61.

15 (22) “Sole proprietor” means a contractor who is an individual.

16 (23) “Statement of cash flows” means a report of cash receipts and cash
17 disbursements from operating, investing, and financing activities, including an
18 explanation of changes in cash and cash equivalents for the accounting period
19 covered by the report.

20 (24) “Vegetable” means any vegetable that is grown or sold for use in food
21 processing, whether or not the vegetable is actually processed as food. “Vegetable”
22 includes green beans, kidney beans, lima beans, romano beans, wax beans, beets,
23 cabbage, carrots, celery, cucumbers, onions, peas, potatoes, spinach, squash, and
24 sweet corn, but does not include grain.

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SUBCHAPTER II

AGRICULTURAL PRODUCER

SECURITY FUND

1
2
3
4 **126.05 Deposits into the fund.** The department shall deposit into the fund
5 all fees, surcharges, assessments, reimbursements, and proceeds of surety bonds
6 that the department collects under this chapter. The department shall keep a record
7 by contractor and industry, of all deposits.

8 **126.06 Industry bonds. (1) DEPARTMENT TO ACQUIRE BONDS.** Using moneys
9 appropriated under s. 20.115 (1) (v), the department shall acquire and maintain all
10 of the following surety bonds:

11 (a) A surety bond that takes effect on May 1, 2002, to secure payment under
12 s. 126.72 (2) of claims against contributing milk contractors, as defined in s. 126.40
13 (1).

14 (b) A surety bond that takes effect on September 1, 2002, to secure payment
15 under s. 126.72 (2) of claims against contributing grain dealers, as defined in s.
16 126.10 (3), and contributing grain warehouse keepers, as defined in s. 126.25 (2).

17 (c) A surety bond that takes effect on February 1, 2002, to secure payment
18 under s. 126.72 (2) of claims against contributing vegetable contractors, as defined
19 in s. 126.55 (4).

20 **(2) BOND TERMS.** The department shall ensure all of the following:

21 (a) That the amount of each bond under sub. (1) is at least \$5,000,000 but not
22 more than \$20,000,000.

23 (b) That the amount of each bond under sub. (1) renews annually.

24 (c) That each bond under sub. (1) is payable to the department for the benefit
25 of the appropriate claimants under sub. (1).

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1 (d) That each bond under sub. (1) is issued by a person who is authorized to
2 operate a surety business in this state.

3 (dm) That no surety issues more than one of the 3 bonds under sub. (1).

4 (e) That no bond issued under sub. (1) may be canceled or modified unless one
5 of the following applies:

6 1. The department agrees to the cancellation or modification.

7 2. The department receives written notice from the issuer in person or by
8 certified mail at least one year before the proposed cancellation or modification.

9 (f) That the issuer of each bond under sub. (1) issues the bond in a form, and
10 subject to any terms and conditions, that the department considers appropriate.

11 (3) BOND PROCUREMENT. The department shall procure the surety bonds under
12 sub. (1) according to the procedures provided in subch. IV of ch. 16.

13 **126.07 Blanket bond. (1) DEPARTMENT TO ACQUIRE BOND.** Using moneys
14 appropriated under s. 20.115 (1) (v), the department shall acquire and maintain a
15 surety bond, that takes effect on February 1, 2002, to secure payment under s. 126.72
16 (3) of claims against contributing contractors, as defined in s. 126.68 (1).

17 (2) BOND TERMS. The department shall ensure all of the following:

18 (a) That the amount of the bond under sub. (1) is at least \$20,000,000 but not
19 more than \$40,000,000.

20 (b) That the amount of the bond under sub. (1) renews annually.

21 (c) That the bond under sub. (1) is payable to the department for the benefit of
22 claimants described in sub. (1).

23 (d) That the bond under sub. (1) is jointly issued by at least 3 persons acting
24 as cosureties on the bond and that each of the persons is authorized to operate a
25 surety business in this state.

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1 (e) That no issuer of the bond under sub. (1) may cancel or modify the bond, or
2 withdraw as a cosurety, unless one of the following applies:

3 1. The department agrees to the cancellation, modification, or withdrawal.

4 2. The department receives written notice from the issuer that is delivered in
5 person or by certified mail and is received at least one year before the proposed
6 cancellation, modification, or withdrawal.

7 (f) That the issuers of the bond under sub. (1) issue the bond in a form, and
8 subject to any terms and conditions, that the department considers appropriate.

9 (3) BOND PROCUREMENT. The department shall procure the surety bond under
10 sub. (1) according to the procedures provided in subch. IV of ch. 16.

11 **126.08 Start-up loan to fund; repayment.** On January 1, 2002, \$2,000,000
12 is transferred as a loan from the agrichemical management fund, to the agricultural
13 producer security fund. The department shall repay this loan principal, plus interest
14 compounded at 5% annually, from the agricultural producer security fund by July 1,
15 2006. The department shall transfer at least \$250,000 from the agricultural
16 producer security fund to the agrichemical management fund on July 1 of each year,
17 beginning on July 1, 2003. The department may accelerate the loan repayment, at
18 its discretion.

19 SUBCHAPTER III

20 GRAIN DEALERS

21 **126.10 Definitions.** In this subchapter:

22 (1) “Cash on delivery” means full cash payment for grain when the grain dealer
23 takes custody or control of the grain.

24 (2) “Cash payment” means payment in any of the following forms:

25 (a) Currency.

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1 (b) A cashier's check or a check that a bank issues and certifies.

2 (c) A wire transfer.

3 (d) Simultaneous barter.

4 (3) "Contributing grain dealer" means a grain dealer who is licensed under s.
5 126.11, who either has paid one or more quarterly installments under s. 126.15 (7)
6 or is required to contribute to the fund, but the first quarterly installment under s.
7 126.15 (7) is not yet due, and who is not disqualified from the fund under s. 126.14
8 (2).

9 (4) "Current ratio" means the ratio of the value of current assets to the value
10 of current liabilities, calculated according to s. 126.13 (6) (c) 1.

11 (5) "Debt to equity ratio" means the ratio of the value of liabilities to equity,
12 calculated according to s. 126.13 (6) (c) 2.

13 (6) "Deferred payment contract" means a contract for the procurement of grain
14 under which a grain dealer takes custody or control of producer grain more than 7
15 days before paying for the grain in full. "Deferred payment contract" includes a
16 deferred price contract.

17 (7) "Deferred price contract" means a contract for the procurement of grain
18 under which a grain dealer takes custody or control of producer grain more than 7
19 days before the price of that grain must be determined under the contract.

20 (8) "Disqualified grain dealer" means a grain dealer who is disqualified from
21 the fund under s. 126.14 (2).

22 (9) "Grain dealer" means a person who buys producer grain or who markets
23 producer grain as a producer agent. "Grain dealer" does not include any of the
24 following:

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1 (a) A person who merely brokers a contract between a grain producer and a
2 grain dealer without becoming a party to the contract, taking control of grain, or
3 accepting payment on behalf of the grain producer.

4 (b) A person who merely buys or sells grain on a board of trade or commodity
5 exchange.

6 (10) “Grain producer” means a person who grows grain.

7 (10m) “License year” means the period beginning on September 1 and ending
8 on the following August 31.

9 (11) “Procure grain” means to buy grain or acquire the right to market grain.

10 (12) “Procure producer grain in this state” means any of the following:

11 (a) To buy producer grain for receipt in this state.

12 (b) To acquire the right to market producer grain grown in this state.

13 (13) “Producer agent” means a person who acts on behalf of a grain producer
14 to market or accept payment for the grain producer’s grain without taking title to
15 that grain, including a person who uses a producer trust fund to market or accept
16 payment for producer grain. “Producer agent” does not include any of the following:

17 (a) A person who merely brokers a contract between a grain producer and a
18 grain dealer, without becoming a party to the contract, taking control of grain, or
19 accepting payment on behalf of the grain producer.

20 (b) A person who merely holds or transports grain for a grain producer without
21 marketing the grain or accepting payment on behalf of the grain producer.

22 (14) “Producer grain” means grain that is owned by or held in trust for one or
23 more grain producers. “Producer grain” includes grain that a producer agent
24 markets for a grain producer, without taking title to the grain.

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1 **126.11 Grain dealers; licensing.** (1) LICENSE REQUIRED. Except as provided
2 in sub. (2), no grain dealer may procure producer grain in this state without a current
3 annual license from the department.

4 (2) EXEMPT GRAIN DEALERS. The following grain dealers are not required to hold
5 a license under this section, but may volunteer to be licensed:

6 (a) A grain dealer who pays cash on delivery for all producer grain.

7 (b) A grain dealer who buys producer grain solely for the grain dealer's own use
8 as feed or seed and who spends less than \$400,000 per license year for that grain.

9 (2m) LICENSE TERMS. A license under this section expires on the August 31
10 following its issuance. No person may transfer or assign a license issued under this
11 section.

12 (3) LICENSE APPLICATION. A grain dealer shall apply for an annual license under
13 this section in writing, on a form provided by the department. An applicant shall
14 provide all of the following:

15 (a) The applicant's legal name and any trade name under which the applicant
16 proposes to operate as a grain dealer.

17 (b) A statement of whether the applicant is an individual, corporation,
18 partnership, cooperative, limited liability company, trust, or other legal entity. If the
19 applicant is a corporation or cooperative, the applicant shall identify each officer of
20 the corporation or cooperative. If the applicant is a partnership, the applicant shall
21 identify each partner.

22 (c) The mailing address of the applicant's primary business location and the
23 name of a responsible individual who may be contacted at that location.

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1 (d) The street address of each business location from which the applicant
2 operates in this state as a grain dealer and the name of a responsible individual who
3 may be contacted at each location that is staffed.

4 (e) All license fees and surcharges required under sub. (4).

5 (f) The sworn and notarized statement required under sub. (9).

6 (g) A financial statement if required under s. 126.13 (1) and not yet filed.

7 (h) Other relevant information required by the department.

8 (4) LICENSE FEES AND SURCHARGES. A grain dealer applying for an annual license
9 under this section shall pay the following fees and surcharges, unless the
10 department specifies a different fee or surcharge amount by rule:

11 (a) A nonrefundable license processing fee of \$25.

12 (b) The following license fees based on the grain dealer's reported grain
13 payments under sub. (9) (a), less any credit provided under sub. (6):

14 1. A fee of \$500, plus \$225 per business location in excess of one business
15 location, if the amount under sub. (9) (a) is at least \$500,000.

16 2. A fee of \$200 if the amount under sub. (9) (a) is at least \$50,000 but less than
17 \$500,000.

18 3. A fee of \$50 if the amount under sub. (9) (a) is less than \$50,000.

19 (c) A license fee of \$45 for each truck, in excess of one truck, that the grain dealer
20 uses to haul grain in this state.

21 (d) A license surcharge of \$425 if the grain dealer files a financial statement
22 under s. 126.13 (1) that is not an audited financial statement.

23 (e) A license surcharge of \$500 if the department determines that, within 365
24 days before submitting the license application, the applicant operated as a grain
25 dealer without a license in violation of sub. (1). The applicant shall also pay any

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1 license fees, license surcharges, and fund assessments that are still due for any
2 license year in which the applicant violated sub. (1).

3 (f) A license surcharge of \$100 if during the preceding 12 months the applicant
4 failed to file an annual financial statement required under s. 126.13 (1) (b) by the
5 deadline specified in s. 126.13 (1) (c).

6 (g) A license surcharge of \$100 if a renewal applicant fails to renew a license
7 by the license expiration date of August 31. This paragraph does not apply to a grain
8 dealer who is exempt under sub. (2) and is voluntarily licensed.

9 (4m) EFFECT OF PAYMENT OF SURCHARGE. Payment under sub. (4) (e) does not
10 relieve the applicant of any other civil or criminal liability that results from the
11 violation of sub. (1), but does not constitute evidence of any law violation.

12 (5) LICENSE FOR PART OF YEAR; FEES. A person who applies for an annual grain
13 dealer license after the beginning of a license year shall pay the full annual fee
14 amounts required under sub. (4).

15 (6) FEE CREDITS. If the balance in the fund contributed by grain dealers exceeds
16 \$2,000,000 on June 30 of any license year, the department shall credit 50% of the
17 excess amount against fees charged under sub. (4) (b) to contributing grain dealers
18 who file timely license renewal applications for the next license year. The
19 department shall credit each contributing grain dealer on a prorated basis, in
20 proportion to the total fees that the grain dealer paid under sub. (4) (b) for the 4
21 preceding license years.

22 (7) FEE STATEMENT. The department shall provide, with each license application
23 form, a written statement of all license fees and surcharges required under sub. (4)
24 or the formula for determining them. The department shall specify any fee credit for
25 which the applicant may qualify under sub. (6).

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1 **(8) NO LICENSE WITHOUT FULL PAYMENT.** The department may not issue an
2 annual license under sub. (1) until the applicant pays all license fees and surcharges
3 identified in the department's statement under sub. (7). The department shall
4 refund a fee or surcharge paid under protest if upon review the department
5 determines that the fee or surcharge is not applicable.

6 **(9) SWORN AND NOTARIZED STATEMENT.** As part of a license application under sub.
7 (3), an applicant shall provide a sworn and notarized statement, signed by the
8 applicant or an officer of the applicant, that reports all of the following:

9 (a) The total amount that the applicant paid, during the applicant's last
10 completed fiscal year, for producer grain procured in this state. If the applicant has
11 not yet operated as a grain dealer in this state, the applicant shall estimate the
12 amount that the applicant will pay during the applicant's first complete fiscal year
13 for producer grain procured in this state.

14 (b) The amount of the payments under par. (a) made under deferred payment
15 contracts.

16 (c) Whether the applicant has had any obligations under deferred payment
17 contracts, for grain procured in this state, at any time since the beginning of the
18 applicant's last completed fiscal year.

19 **(10) ACTION GRANTING OR DENYING APPLICATION.** The department shall grant or
20 deny an application under sub. (3) within 30 days after the department receives a
21 complete application. If the department denies a license application, the department
22 shall give the applicant a written notice stating the reason for the denial.

23 **(11) LICENSE DISPLAYED.** A grain dealer licensed under sub. (1) shall
24 prominently display a copy of that license at the following locations:

25 (a) On each truck that the grain dealer uses to haul grain in this state.

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1 (b) At each business location from which the grain dealer operates in this state.

2 **126.12 Grain dealers; insurance.** (1) FIRE AND EXTENDED COVERAGE
3 INSURANCE. A grain dealer licensed, or required to be licensed, under s. 126.11 shall
4 maintain fire and extended coverage insurance, issued by an insurance company
5 authorized to do business in this state, that covers all grain in the custody of the grain
6 dealer, whether owned by the grain dealer or held for others, at the full local market
7 value of the grain.

8 (2) INSURANCE CANCELLATION; REPLACEMENT. Whenever an insurance policy
9 under sub. (1) is canceled, the grain dealer shall replace the policy so that there is
10 no lapse in coverage.

11 (3) INSURANCE COVERAGE; MISREPRESENTATION. No grain dealer may
12 misrepresent any of the following to the department or to any grain producer or
13 producer agent:

14 (a) That the grain dealer is insured.

15 (b) The nature, coverage, or material terms of the grain dealer's insurance
16 policy.

17 **126.13 Grain dealers; financial statements.** (1) REQUIRED ANNUAL
18 FINANCIAL STATEMENT. (a) A grain dealer shall file an annual financial statement with
19 the department, before the department first licenses the grain dealer under s. 126.11,
20 if the grain dealer's license application reports any of the following:

21 1. More than \$500,000 in grain payments under s. 126.11 (9) (a).

22 2. Any deferred payment contract obligations under s. 126.11 (9) (c).

23 (b) A grain dealer licensed under s. 126.11 shall file an annual financial
24 statement with the department during each license year if the grain dealer's license
25 application for that year reports any of the following:

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1 1. More than \$500,000 in grain payments under s. 126.11 (9) (a) unless the
2 grain dealer is a contributing grain dealer who procures producer grain in this state
3 solely as a producer agent.

4 2. Any deferred payment contract obligations under s. 126.11 (9) (c).

5 (c) A grain dealer shall file an annual financial statement under par. (b) by the
6 15th day of the 4th month following the close of the grain dealer's fiscal year, except
7 that the department may extend the filing deadline for up to 30 days if the grain
8 dealer, or the accountant reviewing or auditing the financial statement, files a
9 written extension request at least 10 days before the filing deadline.

10 (d) A grain dealer licensed under s. 126.11 may not incur any obligations under
11 deferred payment contracts for grain procured in this state unless the contractor first
12 notifies the department and files an annual financial statement with the
13 department.

14 (2) VOLUNTARY ANNUAL FINANCIAL STATEMENT. A contributing grain dealer who
15 is not required to file a financial statement under sub. (1) may file an annual
16 financial statement with the department to qualify for a lower fund assessment
17 under s. 126.15.

18 (3) REVIEWED OR AUDITED FINANCIAL STATEMENT. (a) A grain dealer filing an
19 annual financial statement under sub. (1) or (2) shall file an audited financial
20 statement if any of the following applies:

21 1. The grain dealer's license application reports more than \$3,000,000 in
22 payments under s. 126.11 (9) (a).

23 2. The grain dealer's last 2 license applications report more than \$2,000,000
24 in payments under s. 126.11 (9) (a).

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1 (b) If par. (a) does not apply, a grain dealer filing an annual financial statement
2 under sub. (1) or (2) shall file either a reviewed financial statement or an audited
3 financial statement.

4 (4) ACCOUNTING PERIOD. A grain dealer filing an annual financial statement
5 under sub. (1) or (2) shall file a financial statement that covers the grain dealer's last
6 completed fiscal year unless the grain dealer has been in business for less than one
7 year.

8 (4m) INTERIM FINANCIAL STATEMENT. The department may, at any time, require
9 a grain dealer licensed under s. 126.11 to file an interim financial statement with the
10 department. The grain dealer shall provide, with the interim financial statement,
11 the grain dealer's sworn and notarized statement that the financial statement is
12 correct. An interim financial statement need not be a reviewed financial statement
13 or an audited financial statement.

14 (5) GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. (a) Except as provided in par.
15 (b), a grain dealer filing an annual financial statement under this section shall file
16 a financial statement that is prepared according to generally accepted accounting
17 principles.

18 (b) If a grain dealer is a sole proprietor and the grain dealer's financial
19 statement is not audited, the grain dealer shall file a financial statement that is
20 prepared on a historical cost basis.

21 (6) FINANCIAL STATEMENT CONTENTS. (a) Except as provided in par. (b), a grain
22 dealer filing a financial statement under this section shall file a financial statement
23 that consists of a balance sheet, income statement, equity statement, statement of
24 cash flows, notes to those statements, and any other information required by the
25 department. If the grain dealer is a sole proprietor, the grain dealer shall file his or

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1 her business and personal financial statements. A grain dealer shall disclose on the
2 grain dealer's financial statement, separately and clearly, the grain dealer's unpaid
3 obligations to grain producers and producer agents.

4 (b) If a grain dealer has been in business for less than one year, the grain dealer
5 may file an annual financial statement under sub. (1) or (2) consisting of a balance
6 sheet and notes.

7 (c) A grain dealer filing a financial statement under this section shall include
8 in the financial statement, or in an attachment to the financial statement,
9 calculations of all of the following:

10 1. The grain dealer's current ratio, excluding any assets required to be excluded
11 under sub. (7).

12 2. The grain dealer's debt to equity ratio, excluding any assets required to be
13 excluded under sub. (7).

14 (7) ASSETS EXCLUDED. A grain dealer may not include any of the following assets
15 in the calculations under sub. (6) (c) unless the department specifically approves
16 their inclusion:

17 (a) A nontrade note or account receivable from an officer, director, employee,
18 partner, or stockholder, or from a member of the family of any of those individuals,
19 unless the note or account receivable is secured by a first priority security interest
20 in real or personal property.

21 (b) A note or account receivable from a parent organization, a subsidiary, or an
22 affiliate, other than an employee.

23 (c) A note or account that has been receivable for more than one year, unless
24 the grain dealer has established an offsetting reserve for uncollectible notes and
25 accounts receivable.

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1 **(9) ENTITY COVERED.** A person filing a financial statement under this section
2 may not file, in lieu of that person's financial statement, the financial statement of
3 the person's parent organization, subsidiary, predecessor, or successor.

4 **(10) DEPARTMENT REVIEW.** The department may analyze a financial statement
5 submitted under this section and may reject a financial statement that fails to
6 comply with this section.

7 **126.14 Contributing grain dealers; disqualification.** **(1) CONTRIBUTION**
8 **REQUIRED.** A grain dealer who is required to be licensed under s. 126.11 (1) shall pay
9 fund assessments under s. 126.15 unless the grain dealer is disqualified under sub.
10 **(2).** A grain dealer who is voluntarily licensed under s. 126.11 may pay voluntary
11 assessments under s. 126.15, unless the grain dealer is disqualified under sub. (2).

12 **(2) DISQUALIFIED GRAIN DEALER.** **(a)** A grain dealer who is required to file
13 security under s. 126.16 (1) (a) is disqualified from the fund until the department
14 determines that one of the conditions in s. 126.16 (8) (a) 1. and 2. is satisfied.

15 **(b)** A grain dealer is disqualified from the fund, and required to pay cash on
16 delivery for producer grain, if any of the following occurs:

17 1. The department denies, suspends, or revokes the grain dealer's license.

18 2. The department issues a written notice disqualifying the grain dealer for
19 cause, including failure to pay fund assessments under s. 126.15 when due or failure
20 to file a financial statement under s. 126.13 when due.

21 3. The grain dealer fails to reimburse the department, within 60 days after the
22 department issues a reimbursement demand under s. 126.73 (1), for the full amount
23 that the department pays to claimants under s. 126.72 (1) because of that grain
24 dealer's default.

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1 4. The grain dealer fails to reimburse a bond surety, within 60 days after the
2 bond surety issues a reimbursement demand under s. 126.73 (2), for the full amount
3 that the surety pays to the department under s. 126.72 (2) or (3) for the benefit of
4 claimants affected by that grain dealer's default.

5 **(3) PAYMENTS BY DISQUALIFIED GRAIN DEALER.** (a) The department may not return
6 to a disqualified grain dealer any fund assessments that the grain dealer paid as a
7 contributing grain dealer.

8 (b) A disqualified grain dealer remains liable for any unpaid fund installment
9 under s. 126.15 that became due while the grain dealer was a contributing grain
10 dealer. A disqualified grain dealer is not liable for any fund installment that becomes
11 due after the grain dealer is disqualified under sub. (2).

12 **126.15 Contributing grain dealers; fund assessments.** (1) **GENERAL.** A
13 contributing grain dealer shall pay an annual fund assessment for each license year.
14 The assessment equals \$20 or the sum of the following, whichever is greater, unless
15 the department by rule specifies a different assessment:

16 (a) The grain dealer's current ratio assessment. The current ratio assessment
17 for a license year equals the grain dealer's current ratio assessment rate under sub.
18 (2) multiplied by the amount reported under s. 126.11 (9) (a) in the grain dealer's
19 license application for that license year.

20 (b) The grain dealer's debt to equity ratio assessment. The debt to equity ratio
21 assessment for a license year equals the grain dealer's debt to equity ratio
22 assessment rate under sub. (4) multiplied by the amount reported under s. 126.11
23 (9) (a) in the grain dealer's license application for that license year.

24 (c) The grain dealer's deferred payment assessment. The deferred payment
25 assessment for a license year equals the grain dealer's deferred payment assessment

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1 rate under sub. (6) multiplied by the payment amount, if any, that the grain dealer
2 reports under s. 126.11 (9) (b) in the grain dealer's license application for that license
3 year.

4 (2) CURRENT RATIO ASSESSMENT RATE. A grain dealer's current ratio assessment
5 rate is calculated, at the beginning of the license year, as follows:

6 (a) If the grain dealer has filed an annual financial statement under s. 126.13
7 and that financial statement shows a current ratio of at least 1.25 to 1.0, the grain
8 dealer's current ratio assessment rate equals the greater of zero or the current ratio
9 assessment factor in sub. (3) (a) multiplied by the following amount:

- 10 1. Subtract one from the current ratio.
- 11 2. Divide the amount determined under subd. 1. by 3.
- 12 3. Multiply the amount determined under subd. 2. by negative one.
- 13 4. Raise the amount determined under subd. 3. to the 3rd power.
- 14 5. Subtract 0.75 from the current ratio.
- 15 6. Divide 0.65 by the amount determined under subd. 5.
- 16 7. Raise the amount determined under subd. 6. to the 5th power.
- 17 8. Add the amount determined under subd. 4. to the amount determined under
18 subd. 7.
- 19 9. Add 2 to the amount determined under subd. 8.

20 (b) If the grain dealer has filed an annual financial statement under s. 126.13
21 and that financial statement shows a current ratio of less than 1.25 to 1.0, but greater
22 than 1.0 to 1.0, the grain dealer's current ratio assessment rate equals the current
23 ratio assessment factor in sub. (3) (b) multiplied by the following amount:

- 24 1. Subtract one from the current ratio.
- 25 2. Divide the amount determined under subd. 1. by 3.

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1 3. Multiply the amount determined under subd. 2. by negative one.

2 4. Raise the amount determined under subd. 3. to the 3rd power.

3 5. Subtract 0.75 from the current ratio.

4 6. Divide 0.65 by the amount determined under subd. 5.

5 7. Raise the amount determined under subd. 6. to the 5th power.

6 8. Add the amount determined under subd. 4. to the amount determined under
7 subd. 7.

8 9. Add 2 to the amount determined under subd. 8.

9 (c) If the grain dealer has filed an annual financial statement under s. 126.13
10 and that financial statement shows a current ratio of less than or equal to 1.0 to 1.0,
11 the grain dealer's current ratio assessment rate equals the current ratio assessment
12 factor in sub. (3) (b) multiplied by 120.81376.

13 (d) Except as provided in par. (e), if the grain dealer has not filed an annual
14 financial statement under s. 126.13, the grain dealer's current ratio assessment rate
15 equals the current ratio assessment factor in sub. (3) (b) multiplied by 5.71235.

16 (e) If the grain dealer has not filed an annual financial statement under s.
17 126.13 and the grain dealer procures grain in this state solely as a producer agent,
18 the grain dealer's current ratio assessment rate is 0.00025, except that, for the grain
19 dealer's 5th or higher consecutive full license year of participation in the fund, the
20 grain dealer's current ratio assessment rate is 0.000175.

21 **(3) CURRENT RATIO ASSESSMENT FACTOR.** (a) A grain dealer's current ratio
22 assessment factor under sub. (2) (a) is 0.00003 except that, for the grain dealer's 5th
23 or higher consecutive full license year as a contributing grain dealer, the grain
24 dealer's current ratio assessment factor is zero.

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1 (b) A grain dealer's current ratio assessment factor under sub. (2) (b) to (d) is
2 0.000045 except that, for the grain dealer's 5th or higher consecutive full license year
3 as a contributing grain dealer, the grain dealer's current ratio assessment factor is
4 0.000036.

5 (4) DEBT TO EQUITY ASSESSMENT RATE. A grain dealer's debt to equity ratio
6 assessment rate is calculated, at the beginning of the license year, as follows:

7 (a) If the grain dealer has filed an annual financial statement under s. 126.13
8 and that financial statement shows positive equity and a debt to equity ratio of not
9 more than 4.0 to 1.0, the grain dealer's debt to equity ratio assessment rate equals
10 the greater of zero or the debt to equity ratio assessment factor in sub. (5) (a)
11 multiplied by the following amount:

- 12 1. Subtract 4 from the debt to equity ratio.
- 13 2. Divide the amount determined under subd. 1. by 3.
- 14 3. Raise the amount determined under subd. 2. to the 3rd power.
- 15 4. Subtract 1.7 from the debt to equity ratio.
- 16 5. Divide the amount determined under subd. 4. by 1.75.
- 17 6. Raise the amount determined under subd. 5. to the 7th power.
- 18 7. Add the amount determined under subd. 3. to the amount determined under
19 subd. 6.
- 20 8. Add 2 to the amount determined under subd. 7.

21 (b) If the grain dealer has filed an annual financial statement under s. 126.13
22 and that financial statement shows a debt to equity ratio of greater than 4.0 to 1.0,
23 but less than 5.0 to 1.0, the grain dealer's debt to equity ratio assessment rate equals
24 the debt to equity ratio assessment factor in sub. (5) (b) multiplied by the following
25 amount:

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- 1 1. Subtract 4 from the debt to equity ratio.
- 2 2. Divide the amount determined under subd. 1. by 3.
- 3 3. Raise the amount determined under subd. 2. to the 3rd power.
- 4 4. Subtract 1.7 from the debt to equity ratio.
- 5 5. Divide the amount determined under subd. 4. by 1.75.
- 6 6. Raise the amount determined under subd. 5. to the 7th power.
- 7 7. Add the amount determined under subd. 3. to the amount determined under
- 8 subd. 6.
- 9 8. Add 2 to the amount determined under subd. 7.

10 (c) If the grain dealer has filed an annual financial statement under s. 126.13
11 and that financial statement shows negative equity or a debt to equity ratio of at least
12 5.0 to 1.0, the grain dealer's debt to equity ratio assessment rate equals the debt to
13 equity ratio assessment factor in sub. (5) (b) multiplied by 86.8244.

14 (d) Except as provided in par. (e), if the grain dealer has not filed an annual
15 financial statement under s. 126.13, the grain dealer's debt to equity ratio
16 assessment rate equals the debt to equity ratio assessment factor in sub. (5) (b)
17 multiplied by 8.77374.

18 (e) If the grain dealer has not filed an annual financial statement under s.
19 126.13 and the grain dealer procures grain in this state solely as a producer agent,
20 the grain dealer's debt to equity ratio assessment rate is 0.00025, except that it is
21 0.000175 for the grain dealer's 5th or higher consecutive full license year of
22 participation in the fund.

23 **(5) DEBT TO EQUITY RATIO ASSESSMENT FACTOR.** (a) A grain dealer's debt to equity
24 ratio assessment factor under sub. (4) (a) is 0.0000125, except that it is zero for the

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1 grain dealer's 5th or higher consecutive full license year as a contributing grain
2 dealer.

3 (b) A grain dealer's debt to equity ratio assessment factor under sub. (4) (b) to
4 (d) is 0.00001875, except that it is 0.000015 for the grain dealer's 5th or higher
5 consecutive full license year as a contributing grain dealer.

6 (6) DEFERRED PAYMENT ASSESSMENT RATE. A grain dealer's deferred payment
7 assessment rate is 0.0035, except that it is 0.002 for the grain dealer's 5th or higher
8 consecutive full license year as a contributing grain dealer.

9 (7) QUARTERLY INSTALLMENTS. (a) A contributing grain dealer shall pay the
10 grain dealer's annual fund assessment in equal quarterly installments that are due
11 as follows:

12 1. The first installment is due on October 1 of the license year.

13 2. The 2nd installment is due on January 1 of the license year.

14 3. The 3rd installment is due on April 1 of the license year.

15 4. The 4th installment is due on July 1 of the license year.

16 (b) A contributing grain dealer may prepay any of the quarterly installments
17 under par. (a).

18 (c) A contributing grain dealer who applies for an annual license after the
19 beginning of a license year shall pay the full annual fund assessment required under
20 this section. The grain dealer shall pay, with the first quarterly installment that
21 becomes due after the day on which the department issues the license, all of that
22 year's quarterly installments that became due before that day.

23 (d) A contributing grain dealer who fails to pay the full amount of any quarterly
24 installment when due shall pay, in addition to that installment, a late payment
25 penalty of \$50 or 10% of the overdue installment amount, whichever is greater.

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1 **(8) NOTICE OF ANNUAL ASSESSMENT AND QUARTERLY INSTALLMENTS.** When the
2 department issues an annual license to a contributing grain dealer, the department
3 shall notify the grain dealer of all of the following:

4 (a) The amount of the grain dealer's annual fund assessment under this
5 section.

6 (b) The amount of each required quarterly installment under sub. (7) and the
7 date by which the grain dealer must pay each installment.

8 (c) The penalty that applies under sub. (7) (d) if the grain dealer fails to pay any
9 quarterly installment when due.

10 **126.16 Grain dealers; security. (1) SECURITY REQUIRED.** (a) A grain dealer
11 shall file security with the department, and maintain that security until the
12 department releases it under sub. (8) (a), if all of the following apply when the
13 department first licenses the grain dealer under s. 126.11:

14 1. The grain dealer reports more than \$500,000 in grain payments under s.
15 126.11 (9) (a).

16 2. The grain dealer files an annual financial statement under s. 126.13 (1) (a)
17 and that financial statement shows negative equity.

18 (b) A grain dealer who reports any deferred payment contract obligations under
19 s. 126.11 (9) (c) or 126.13 (1) (d) shall file security with the department, and maintain
20 that security until the department releases it under sub. (8) (b), unless the grain
21 dealer has positive equity and one of the following applies:

22 1. The grain dealer's annual financial statement under s. 126.13 covers a fiscal
23 year ending on or before January 1, 2006, and shows a debt to equity ratio of not more
24 than 5.0 to 1.0.

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1 2. The grain dealer's annual financial statement under s. 126.13 covers a fiscal
2 year ending after January 1, 2006, and shows a debt to equity ratio of not more than
3 4.0 to 1.0.

4 (2) SECURITY CONTINUED. A grain dealer who filed security under ch. 127, 1999
5 stats., before September 1, 2002, shall maintain that security until the department
6 releases it under sub. (8) (c).

7 (3) AMOUNT OF SECURITY. A grain dealer who is required to file or maintain
8 security under this section shall at all times maintain security that is at least equal
9 to the sum of the following:

10 (a) An amount equal to 35% of the grain dealer's average monthly payment for
11 the 3 months, during the preceding 12 months, in which the grain dealer made the
12 largest monthly payments for producer grain procured in this state, except that this
13 amount is not required of a contributing grain dealer after December 1, 2002.

14 (b) The grain dealer's highest total, at any time during the preceding 12
15 months, of unpaid obligations for producer grain procured in this state under
16 deferred payment contracts.

17 (4) FORM OF SECURITY. The department shall review, and determine whether
18 to approve, security filed or maintained under this section. The department may
19 approve only the following types of security:

20 (a) Currency.

21 (b) A commercial surety bond if all of the following apply:

22 1. The surety bond is made payable to the department for the benefit of grain
23 producers and producer agents.

24 2. The surety bond is issued by a person authorized to operate a surety business
25 in this state.

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1 3. The surety bond is issued as a continuous term bond that may be canceled
2 only with the department's written agreement or upon 90 days' prior written notice
3 served on the department in person or by certified mail.

4 4. The surety bond is issued in a form, and subject to any terms and conditions,
5 that the department considers appropriate.

6 (c) A certificate of deposit or money market certificate if all of the following
7 apply:

8 1. The certificate is issued or endorsed to the department for the benefit of grain
9 producers and producer agents who deliver grain to the grain dealer.

10 2. The certificate may not be canceled or redeemed without the department's
11 written authorization.

12 3. No person may transfer or withdraw funds represented by the certificate
13 without the department's written permission.

14 4. The certificate renews automatically without any action by the department.

15 5. The certificate is issued in a form, and subject to any terms and conditions,
16 that the department considers appropriate.

17 (d) An irrevocable bank letter of credit if all of the following apply:

18 1. The letter of credit is payable to the department for the benefit of grain
19 producers and producer agents.

20 2. The letter of credit is issued on bank letterhead.

21 3. The letter of credit is issued for an initial period of at least one year.

22 4. The letter of credit renews automatically unless at least 90 days before the
23 scheduled renewal date the issuing bank gives the department written notice, in
24 person or by certified mail, that the letter of credit will not be renewed.

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1 5. The letter of credit is issued in a form, and subject to any terms and
2 conditions, that the department considers appropriate.

3 (e) Security filed under ch. 127, 1999 stats., before September 1, 2002, except
4 that on January 1, 2003, the department shall withdraw its approval of any security
5 that is not approvable under pars. (a) to (d).

6 **(5) DEPARTMENT CUSTODY OF SECURITY.** The department shall hold, in its custody,
7 all security filed and maintained under this section. The department shall hold the
8 security for the benefit of grain producers and producer agents who deliver grain to
9 a grain dealer.

10 **(6) MONTHLY REPORTS.** A grain dealer who is required to file or maintain
11 security under this section shall file monthly reports with the department. The grain
12 dealer shall file a report on or before the 10th day of each month, in a form specified
13 by the department. In a monthly report, a grain dealer shall provide information
14 reasonably required by the department, including all of the following:

15 (a) The grain dealer's average monthly payment for the 3 months, during the
16 preceding 12 months, in which the grain dealer made the largest monthly payments
17 for producer grain procured in this state.

18 (b) The grain dealer's highest total unpaid obligations, at any time during the
19 preceding 12 months, for producer grain procured in this state under deferred
20 payment contracts. If the amount owed on deferred price contracts has not yet been
21 determined, the grain dealer shall estimate the amount based on contract terms and
22 prevailing market prices on the last day of the previous month.

23 **(7) ADDITIONAL SECURITY.** (a) The department may, at any time, demand
24 additional security from a grain dealer if any of the following applies:

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1 1. The grain dealer's existing security falls below the amount required under
2 sub. (3) for any reason, including depreciation in the value of the security filed with
3 the department, an increase in grain payments or grain prices, or the cancellation
4 of any security filed with the department.

5 2. The grain dealer fails to provide required information that is relevant to a
6 determination of security requirements.

7 (b) The department shall issue a demand under par. (a) in writing. The
8 department shall indicate why the security is required, the amount of security
9 required, and the deadline date for filing security. The department may not specify
10 a deadline for filing security that is more than 30 days after the date on which the
11 department issues its demand for security.

12 (c) A grain dealer may request a hearing, under ch. 227, on a demand for
13 security under par. (b). A request for hearing does not automatically stay a security
14 demand.

15 (d) If a grain dealer fails to comply with the department's demand for security
16 under this subsection, the grain dealer shall give written notice of that fact to all
17 grain producers and producer agents from whom the grain dealer procures producer
18 grain in this state. If the grain dealer fails to give accurate notice under this
19 paragraph within 5 days after the deadline for filing security under par. (b) has
20 passed, the department shall promptly notify those grain producers and producer
21 agents by publishing a class 3 notice under ch. 985. The department may also give
22 individual notice to those grain producers or producer agents of whom the
23 department is aware.

24 (e) If a grain dealer fails to comply with the department's demand for security
25 under this subsection, the department may do any of the following:

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1 1. Issue a summary order under s. 127.85 (2) that prohibits the grain dealer
2 from procuring producer grain or requires the grain dealer to pay cash on delivery
3 for all producer grain.

4 2. Suspend or revoke the grain dealer's license.

5 **(8) RELEASING SECURITY.** (a) The department may release security filed under
6 sub. (1) (a), except for any amount of security that the grain dealer is required to file
7 because sub. (1) (b) applies to the grain dealer, if any of the following applies:

8 1. The grain dealer reports, for at least 2 consecutive years, no more than
9 \$500,000 in annual grain payments under s. 126.11 (9) (a) and the grain dealer pays
10 the quarterly fund assessment that would have been required of the grain dealer if
11 the grain dealer had been a contributing grain dealer on the most recent quarterly
12 installment date under s. 126.15 (7).

13 2. The grain dealer's annual financial statement under s. 126.13 shows positive
14 equity for at least 2 consecutive years and the grain dealer pays the quarterly fund
15 assessment that would have been required of the grain dealer if the grain dealer had
16 been a contributing grain dealer on the most recent quarterly installment date under
17 s. 126.15 (7).

18 (b) The department may release security filed under sub. (1) (b), except for any
19 amount of security that the grain dealer is required to file because sub. (1) (a) applies
20 to the grain dealer, if any of the following applies:

21 1. The grain dealer has not had any deferred payment contract obligations
22 since the beginning of the grain dealer's last completed fiscal year.

23 2. The grain dealer files 2 consecutive annual financial statements under s.
24 126.13 showing that the grain dealer meets the applicable equity requirement and
25 debt to equity ratio under sub. (1) (b).

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1 (c) On December 1, 2002, the department may release security maintained
2 under sub. (2), unless the grain dealer is required to file security under sub. (1).

3 (d) The department may release security to the extent that the security exceeds
4 the amount required under sub. (3).

5 (e) The department may release security if the grain dealer files alternative
6 security, of equivalent value, that the department approves.

7 (f) The department shall release security if the grain dealer is no longer in
8 business and has paid all grain obligations in full.

9 **126.17 Grain dealers; records.** (1) RECORDS AND ACCOUNTS; GENERAL. A grain
10 dealer shall keep records and accounts of all grain procured and all grain sold or
11 marketed by the grain dealer. A grain dealer shall keep records that are complete,
12 accurate, current, well-organized, and accessible, so that the grain dealer and the
13 department can readily determine all of the following:

14 (a) The kinds and amounts of grain procured, the procurement dates, the
15 procurement terms, and the persons from whom the grain dealer procured the grain.

16 (b) The kinds and amounts of grain sold or marketed, the sale or marketing
17 dates, the sale or marketing terms, and the persons to whom the grain dealer sold
18 or marketed the grain.

19 (c) The kinds and amounts of grain, received from others, that the grain dealer
20 has used for feed, seed, milling, manufacturing, processing, or other purposes.

21 (d) The kinds and amounts of grain, received from others, that the grain dealer
22 has on hand, including the kinds and amounts of grain owned by the grain dealer,
23 and the kinds and amounts of grain held for others.

24 (e) The nature and amount of the grain dealer's obligations to grain producers
25 and producer agents, including obligations deferred payment contracts. The grain

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1 dealer shall keep a daily record of obligations under priced contracts and a separate
2 daily record of obligations under deferred price contracts that have not yet been
3 priced.

4 (f) The nature and amount of the grain dealer's obligations to depositors, as
5 defined in s. 126.25 (5), under agreements for the storage of grain, if any.

6 (g) The grain dealer's accounts receivable from the sale or marketing of grain,
7 including the names of the account debtors, the amount receivable from each account
8 debtor, and the dates on which payment is due.

9 **(2) RECORDS OF GRAIN PROCURED.** A grain dealer shall keep records all of the
10 following related to each shipment of grain procured by the grain dealer:

11 (a) The kind and weight of grain procured.

12 (b) The grade and quality of the grain if determined.

13 (c) The date on which the grain dealer procured the grain.

14 (d) The name and address of the person from whom the grain dealer procured
15 the grain.

16 (e) Whether the grain dealer purchased the grain, holds it under an agreement
17 for storage, or is marketing the grain as a producer agent.

18 (f) The terms of purchase, storage, or marketing.

19 (g) If the grain dealer procured the grain under a deferred payment contract,
20 the terms of that contract.

21 **(3) RECORDS RETENTION; INSPECTION.** (a) A grain dealer shall keep copies of all
22 of the following records for at least 6 years after the records are created:

23 1. Records required under this section and s. 126.18 (2).

24 2. Records that the grain dealer was required to keep, under ch. 127, 1999
25 stats., and department rules, before September 1, 2002.

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1 (b) A grain dealer shall make records required under this section available to
2 the department for inspection and copying upon request.

3 **126.18 Grain dealers; receipts for grain. (1) REQUIREMENT.** Whenever a
4 grain dealer receives grain from any person, the grain dealer shall immediately give
5 that person a written receipt for the grain that includes all of the following:

6 (a) The name of the grain dealer and a statement indicating whether the grain
7 dealer is a corporation.

8 (b) A permanent business address at which the holder of the receipt can readily
9 contact the grain dealer.

10 (c) A statement identifying the document as a receipt for grain.

11 (d) The date on which the grain dealer received the grain.

12 (e) The kind of grain received.

13 (f) The net weight of grain received or, if the grain dealer receives the grain at
14 the grain producer's farm, the approximate net weight of the grain.

15 (g) The grade and quality of the grain, if determined.

16 (h) A statement identifying the receipt as a purchase receipt, storage receipt,
17 or receipt for grain marketed by the grain dealer as a producer agent.

18 (i) The grain dealer's promise to pay the total amount due for grain, less any
19 discounts that may apply, within 7 calendar days after the date of receipt of the grain.

20 This requirement does not apply if any of the following applies:

21 1. The grain dealer pays cash on delivery.

22 2. The grain dealer receives the grain under a deferred payment contract that
23 complies with s. 126.19.

24 3. The receipt is clearly identified as a storage receipt.