

2003 DRAFTING REQUEST

Senate Amendment (SA-SB455)

Received: 03/01/2004

Received By: btradewe

Wanted: Today

Identical to LRB:

For: Dale Schultz (608) 266-0703

By/Representing: John O'Brien

This file may be shown to any legislator: NO

Drafter: btradewe

May Contact:

Addl. Drafters:

Subject: Agriculture - miscellaneous

Extra Copies:

Submit via email: YES

Requester's email: Sen.Schultz@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Require reviewed or audited statements to get security released

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/1	btradewe 03/01/2004	wjackson 03/01/2004	chaugen 03/01/2004		mbarman 03/01/2004	mbarman 03/01/2004	

FE Sent For:

<END>

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/?	btradewe	1 wlj 3/1	OK 3/1	OK 3/1 DeB			

FE Sent For:

<END>

Tradewell, Becky

From: OBrien, John
Sent: Monday, March 01, 2004 4:55 AM
To: Tradewell, Becky
Subject: FW: SB 455

Importance: High

Becky,

Could you please prepare an amendment to SB 455 base on the attached memo from Eric Hanson at DATCP.

We are holding a hearing on this bill early tommorrow morning, if possible I would like the amendement (stripes) in hand for the hearing.

Thanks.

Call me with questions.

John O'Brien, Committee Clerk
Senate Agriculture, Financial institutions and Insurance.
Senator Dale Schultz, Chair.
John.OBrien@legis.state.wi.us
(800) 978 8008 (Toll Free In State Only)
(608) 26 6-0703

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

From: Moll, Keeley A DATCP
Sent: Friday, February 27, 2004 3:43 PM
To: OBrien, John
Subject: FW: SB 455

Hey John:

This probably won't surprise you, but below is a memo that Eric Hanson in our Trade Practices Bureau wanted me to send you and Senator Schultz regarding some concerns with SB 455. Let's chat on Monday.

Keeley



SB 455.doc

Senator Schultz,

My name is Eric Hanson, Producer Security Section Chief at DATCP, and I've reviewed the provisions of SB 455. Last summer I had corresponded with John O'Brien from your office and Mark Patronsky regarding some issues that I felt needed to be addressed in LRB-2769. The one item that I was most concerned about had to do with the requirements to have security released for disqualified milk contractors. As you are aware, a disqualified milk contractor is one who had negative equity when they first obtained a milk contractor license, has filed security with the department, and does not contribute assessment fees to the indemnity fund.

I understand this bill relieves these companies from the expense having a reviewed or audited financial statement by allowing a compilation to be filed to meet the annual filing requirements. However, as the bill is currently drafted, a disqualified milk contractor could have their security released by filing two consecutive annual financial statements that have merely been compiled rather than reviewed or audited as currently required. A compiled financial statement gives no assurances as to the accuracy and validity of the statement. If we release security based on compiled financial statements we may be exposing producers and the indemnity fund to significant financial risk.

We suggest that a provision be added to the bill that would require either reviewed or audited financial statements as dictated by s.126.44(5), Stats. in order for security to be released under s.126.47(7)(a)2.

The language could read something like this:

Section 126.47(7)(a)2. of the statutes is amended to read:

126.47(7)(a) 2. The milk contractor's annual financial statement under s.126.44 shows positive equity for at least 2 consecutive years, the financial statements are reviewed or audited as required under s.126.44(5), and the milk contractor pays the quarterly fund assessment that would have been required of the milk contractor if the milk contractor had been a contributing milk contractor on the most recent quarterly installment date under s. 126.46 (6).

I feel it is important that this issue be addressed so that the Producer Security Program is not inadvertently weakened. I would be happy to discuss this issue with you in more detail.

Thank you.

Eric Hanson, Chief
Producer Security Section
Department of Agriculture, Trade & Consumer Protection
(608) 224-4968



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBa2439/1

RCT.....

Now

WLY

SENATE AMENDMENT ,
TO 2003 SENATE BILL 455

1 At the locations indicated, amend the bill as follows:

2 1. Page 2, line 18: after that line insert:

3 "SECTION 3c. 126.47 (7) (a) 2. of the statutes is amended to read:

4 126.47 (7) (a) 2. The milk contractor's annual financial statement under s.
5 126.44 shows positive equity for at least 2 consecutive years, the financial
6 statements are audited or, if the milk contractor reports \$6,000,000 or less in annual
7 milk payroll obligations under s. 12⁶7.41 (6) (a), reviewed, and the milk contractor
8 pays the quarterly fund assessment that would have been required of the milk
9 contractor if the milk contractor had been a contributing milk contractor on the most
10 recent quarterly installment date under s. 126.46 (6).".

11 History: 2001 a. 16; 2003 a. 38; s. 13.93 (1) (b).

(END)