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(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

**2003-04**

(session year)

**Assembly**

(Assembly, Senate or Joint)

**Committee on Agriculture...**

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

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

\* Contents organized for archiving by: Stefanie Rose (LRB) (August 2012)

## Assembly

### Record of Committee Proceedings

#### **Committee on Agriculture**

##### **Senate Bill 455**

Relating to: financial information required to be provided by milk contractors.

By Senators Schultz, Brown and Kedzie; cosponsored by Representatives McCormick, Musser, Freese, Gronemus and Albers.

March 04, 2004      Referred to Committee on Agriculture.

March 8, 2004      **PUBLIC HEARING HELD**

Present:    (12)    Representatives Ott, M. Williams, Ainsworth,  
Petrowski, Kestell, Suder, Hines, Loeffelholz, Towns,  
Gronemus, Plouff and Vruwink.

Absent:    (3)    Representatives Balow, Hebl and Molepske.

##### Appearances For

- John Umhoefer, Wisconsin Cheese Makers Association, Madison

##### Appearances Against

- None.

##### Appearances for Information Only

- None.

##### Registrations For

- Senator Dale Schultz, 17th Senate District
- Keeley Moll, DATCP, Madison

##### Registrations Against

None.

March 8, 2004      **EXECUTIVE SESSION HELD**

Present:    (12)    Representatives Ott, M. Williams, Ainsworth,  
Petrowski, Kestell, Suder, Hines, Loeffelholz, Towns,  
Gronemus, Plouff and Vruwink.

Absent:    (3)    Representatives Balow, Hebl and Molepske.

Moved by Representative M. Williams, seconded by Representative Loeffelholz that **Senate Bill 455** be recommended for concurrence.

Ayes: (11) Representatives Ott, M. Williams, Ainsworth, Petrowski, Kestell, Suder, Hines, Loeffelholz, Towns, Gronemus and Vruwink.

Noes: (1) Representative Plouff.

Absent: (3) Representatives Balow, Hebl and Molepske.

CONCURRENCE RECOMMENDED, Ayes 11, Noes 1

Erin Napralla  
Committee Clerk

## Vote Record Committee on Agriculture

Date: 3-8-04

Moved by: Williams

Seconded by: Loeffelholz

AB \_\_\_\_\_ SB 455 Clearinghouse Rule \_\_\_\_\_  
 AJR \_\_\_\_\_ SJR \_\_\_\_\_ Appointment \_\_\_\_\_  
 AR \_\_\_\_\_ SR \_\_\_\_\_ Other \_\_\_\_\_

A/S Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_  
 A/S Sub Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_

Be recommended for:

- Passage     Adoption     Confirmation     Concurrence     Indefinite Postponement  
 Introduction     Rejection     Tabling     Nonconcurrence

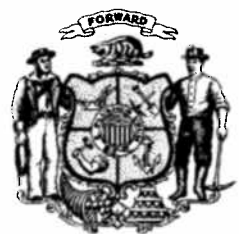
<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
<b>Representative Alvin Ott, Chair</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Mary Williams</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative John Ainsworth</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Jerry Petrowski</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Steve Kestell</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Scott Suder</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative J.A. Hines</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Gabe Loeffelholz</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Debra Towns</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Barbara Gronemus</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Joe Plouff</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Larry Balow</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Representative Amy Sue Vruwink</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Tom Hebl</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Representative Louis Molepske</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	<u>11</u>	<u>1</u>	<u>3</u>	<u>    </u>

Motion Carried

Motion Failed



WISCONSIN STATE LEGISLATURE





State of Wisconsin  
Jim Doyle, Governor

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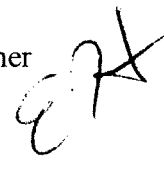
**Department of Agriculture, Trade and Consumer Protection**  
Rod Nilsestuen, Secretary

DATE: March 8, 2004

TO: Representative Alvin Ott, Chairperson  
Members of the Assembly Committee on Agriculture

FROM: Eric Hanson, Chief, Producer Security Section, Division of Trade and Consumer Protection

SUBJECT: **Senate Bill 455 – Agricultural Producer Security**



DATCP supports Senate Bill 455 **as amended** by the Senate.

As you are aware, the Producer Security Program is designed to protect agricultural producers from catastrophic financial defaults by grain dealers, grain warehouse keepers, milk contractors and vegetable contractors (“contractors”) who procure agricultural commodities from producers. Among other things, the law requires most contractors to pay assessments into an Agricultural Producer Security Fund (Fund).

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 assessments into the Fund. This bill relieves disqualified milk contractors from the expense having a CPA reviewed or audited financial statement by allowing a compiled financial statement to be filed to meet the annual filing requirements. A compiled financial statement is significantly less expensive but gives no assurances as to the accuracy and validity of the statement.

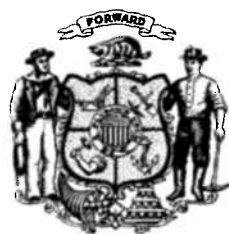
Generally, the department uses the annual financial statement to determine the amount of a milk contractor’s annual assessment into the Fund or whether the milk contractor is required to participate in the Fund. Since disqualified contractors are prohibited from participation in the Fund, their annual financial statement serves neither of the above purposes and is merely used to keep the department informed of any change in their financial condition. The department feels that compiled financial statements are sufficient for this purpose.

It is important to note that this bill does not change the protection afforded milk producers under the Producer Security Program. Disqualified milk contractors are required to maintain individual security (such as a bond or letter of credit) with the department to protect producers whether they file audited, reviewed, or compiled financial statements.

However, a disqualified milk contractor could have their security released and become a participant in the Fund by filing two consecutive annual financial statements that show positive equity. Hence, DATCP only supports this bill with the amendment by the Senate that requires the two consecutive annual financial statements that show positive equity to be audited or reviewed (audited if the milk contractor’s payroll obligations exceed \$6,000,000, reviewed if not).



# WISCONSIN STATE LEGISLATURE





**DALE W. SCHULTZ**  
Wisconsin State Senator



Representative Al Ott, Chairman  
and Members.  
Assembly Agriculture Committee

March 8, 2004

Dear Chairman  Ott and Members,

Thank you for scheduling a prompt hearing on Senate Bill 455.

Current law requires milk contractors to be licensed by the Department of Agriculture, Trade and Consumer Protection (DATCP). A milk contractor is an entity that buys milk from dairy farmers. A licensed milk contractor must file a financial statement with DATCP during each license year. The law requires the financial statement to either be audited by an independent certified public accountant or reviewed by an independent certified public accountant. Many milk contractors are also required to pay into the agricultural producer security fund. The fund makes payments to farmers when a milk contractor, or other agricultural contractor, defaults on payments to farmers.

The principle methods of providing this security are through either the agricultural producer security fund or the financial security methods provided by individual milk contractors. In general, it is the larger and more financially secure milk contractors who contribute to and are in effect insured by the agricultural security fund.

The current licensing requirement requires the contractor to file an annual audited financial statement with the DATCP, which is very costly to the smaller producers who make no payments to the agricultural security fund but rather file security with the DATCP.

Milk contractors who are “**disqualified**” from the fund are required to file individual security with the DATCP, rather than make payments to the agricultural producer security fund. This applies to a contractor who has more than \$1.5 million in annual payments to the producers and who files an annual financial statement that shows negative equity. **The security provided by these “disqualified” contractors is in the form of a surety bond or a certificate of deposit.**

The bill as originally drafted, provided that a milk contractor that is “**disqualified**” from participation in the agricultural producer security fund because it had negative equity when the agricultural producer security fund was established **may instead file an annual compilation of financial information accompanied by a sworn and notarized statement that the financial information is correct.**

**-over-**



I introduced Senate Amendment 1 to Senate Bill 455 in my committee. This amendment was language that was offered and has been supported by the Department of Agriculture, Trade and Consumer Protection (DATCP).

**DATCP AMENDMENT (LRB a2439/1)**

The amendment to Senate Bill 455 was drafted at the request of the DATCP based on their concern that under SB 455 as originally 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.

DATCP felt that a compiled financial statement gave no assurance as to the accuracy and validity of the financial statement, and they felt that if they released security based on compiled financial statements it might be exposing producers and the indemnity fund to significant financial risk.

As amended (by LRB a 2439/1), 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.

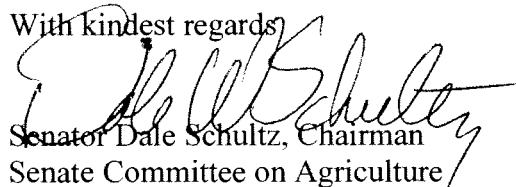
The addition of the following language to SB 455 would address the DATCP's concerns by requiring that; *the milk contractor's annual financial statement under s.126.44 shows positive equity for at least 2 consecutive years, the financial statements are reviewed or audited as required under s.126.44(5), 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).*

The Senate Agriculture, Financial Institutions and Insurance Committee approved Senate Bill 455 as amended on a vote Ayes 5 Noes 0.

The Senate passed the bill on March 4<sup>th</sup>, 2004 on a voice vote.

Again, thank you for scheduling this hearing. I would appreciate your member's support of this bill and encourage you to help move this bill to the Assembly floor for final passage.

With kindest regards,

  
Senator Dale Schultz, Chairman  
Senate Committee on Agriculture  
Financial Institutions and Insurance