

State of Wisconsin
Department of Agriculture, Trade, and Consumer Protection

HEARING NOTICE

“Buy Local” Grant Program Rules

The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) announces that it will hold a public hearing on rules relating to the “buy local” grant program created under s. 93.48, Stats. DATCP adopted a temporary emergency rule effective February 22, 2008, and is also proposing a “permanent” rule. The hearing will cover the “emergency” rule as well as the proposed “permanent” rule.

DATCP will hold the public hearing at the time and location shown below. DATCP invites the public to attend the hearing and comment on the rules. Following the hearing, the hearing record will remain open until Wednesday, June 11, 2008 for additional written comments. Comments may be sent to the Division of Agricultural Development at the address below, by email to datcpBLBW@wisconsin.gov or online at <https://apps4.dhfs.state.wi.us/admrules/public/Home>.

You may obtain free copies of the temporary “emergency” rule and proposed “permanent” rule by contacting the Wisconsin Department of Agriculture, Trade and Consumer Protection, Division of Agricultural Market Development, 2811 Agriculture Drive, P.O. Box 8911, Madison, WI 53708. You may also obtain copies by calling (608) 224-5017 or emailing datcpBLBW@wisconsin.gov. Copies will also be available at the hearing. To view the proposed rule online, go to: <https://apps4.dhfs.state.wi.us/admrules/public/Home>.

To provide comments or concerns relating to small business, you may also contact DATCP’s small business regulatory coordinator Keeley Moll at the address above, or by emailing to Keeley.Moll@wisconsin.gov or by telephone at (608) 224-5039.

Hearing impaired persons may request an interpreter for these hearings. Please make reservations for a hearing interpreter by May 23, by writing to Shirley Schultz, Division of Agricultural Market Development, P.O. Box 8911, Madison, WI 53708-8911, Shirley.schultz@wisconsin.gov, telephone (608) 224-5129. Alternatively, you may contact the DATCP TDD at (608) 224-5058. Handicap access is available at the hearings.

Hearing Date and Location:

May 30, 2008
1:00 p.m. to 2:00 p.m.
WI Department of Agriculture, Trade & Consumer Protection
2811 Agriculture Drive – Board Room, 1st Floor
Madison, WI 53704

**Analysis Prepared by the Department
of Agriculture, Trade and Consumer Protection**

This rule implements the “buy local” grant program created under s. 93.48, Stats., by 2007 Wisconsin Act 20 (biennial budget act). Under s. 93.48, Stats., the Department of Agriculture, Trade and Consumer Protection (“DATCP”) is authorized to award grants for projects designed to increase local purchases of Wisconsin agricultural products. The budget act appropriated \$225,000 for this grant program in the FY 2007-09 fiscal biennium.

This rule does all of the following:

- Authorizes DATCP to make grant awards and distribute grant funds appropriated for the “buy local” grant program.
- Spells out the procedures and criteria that DATCP will use to evaluate grant proposals, make grant awards and distribute grant payments.
- Spells out the purposes for which grant funds may be used, subject to the terms of the grant contract.

This rule is identical to the temporary emergency rule that DATCP adopted effective February 22, 2008, except for one minor difference noted below.

Statutes Interpreted

Statutes Interpreted: s. 93.48, Stats., and section 9103(3i) of 2007 Wisconsin Act 20 (biennial budget act).

Statutory Authority

Statutory Authority: ss. 93.48(1) and 93.07 (1), Stats., and section 9103(3i) of 2007 Wisconsin Act 20 (biennial budget act).

Explanation of Statutory Authority

DATCP has general authority under 93.07(1), Stats., to interpret laws under its jurisdiction. Section 93.48(1), Stats., specifically requires DATCP to adopt rules for the “buy local” grant program.

Related Rules or Statutes

There are no directly related rules or statutes, other than those cited above. DATCP rules for the “buy local” grant program will be incorporated as a subchapter of ch. ATCP 161, Wis. Adm. Code (agricultural development and market promotion).

Rule Content

The “buy local” grant program is designed to increase local sales of Wisconsin agricultural products. The biennial budget act appropriated \$225,000 in grant funding for the FY 2007-09 fiscal biennium. This rule spells out grant procedures and criteria. Under this rule, the “buy local” grant program will focus mainly on food products, rather than other agricultural products such as timber, feed, fiber or nursery products (it may incidentally benefit those other products).

Grant Purposes

Under this rule, DATCP may award grants for projects that are designed to increase the sale of Wisconsin food products to local purchasers. For example, DATCP may award grants for projects to create, expand, diversify or promote any of the following:

- Local food marketing systems and market outlets.
- Local food and cultural tourism trails.
- Production, processing, marketing and distribution of Wisconsin food products for sale to local purchasers.

Grant Limits

Under this rule, no individual grant award may exceed \$50,000. DATCP may not make more than one grant award to the same person in the same state fiscal biennium. Once DATCP makes a grant award, DATCP may make the actual grant payments over a contract period of up to 2 years. DATCP may extend the contract term for up to one additional year upon request.

Matching Requirement

To qualify for a grant under this rule, a grant recipient must make a matching commitment equal to at least 33% of the grant amount. A matching commitment may include a commitment of capital, land, labor, equipment or cash related to the grant project. Under this rule, matching funds may include grant funds received from sources other than DATCP (this is a change from the temporary “emergency” rule that took effect on February 22, 2008).

Use of Grant Funds

Under this rule, grant funds may be used to reimburse any of the following expenses if those expenses are a reasonable and necessary part of the grant project:

- Operating expenses, including expenses for salaries and wages, contract and consulting services, travel, supplies and public information.
- Real estate and equipment rental.
- The purchase of equipment whose full value is ordinarily depreciable within one year.
- Reasonable depreciation expense incurred, for capital equipment, during the term of the grant contract.

Grant funds may not reimburse any of the following expenses:

- Real estate purchases.
- Repayment of loans or mortgages.
- Rent or contract payments for time periods extending beyond the term of the grant contract.
- Equipment purchases, except for certain equipment purchases and depreciation expenses specifically authorized by this rule.
- Administrative or overhead costs that are not direct costs of the grant project.

Grant Proposals

Under this rule, DATCP must issue at least one request for grant proposals in each state fiscal biennium (DATCP may issue more frequent requests, if it chooses to do so). The request for applications must describe the required form and content of grant proposals, and must specify a deadline for submitting grant proposals. Grant applicants must submit grant proposals to DATCP, in the manner prescribed by DATCP's request for applications.

Grant Awards

Under this rule, DATCP must evaluate grant proposals and issue its grant awards within 90 days after the grant application deadline. DATCP must clearly identify each award recipient, the amount of the award, and the purposes for which the award is given. DATCP must consider all of the following criteria when evaluating grant proposals and making grant awards:

- The extent to which a proposed project will increase local purchases of Wisconsin food products.
- Whether the proposal complies with DATCP's request for proposals.
- Whether the proposed project meets the standards prescribed in this rule.
- The viability of the proposed project.
- Additional project benefits for Wisconsin agriculture or tourism.
- The management and technical qualifications of the grant applicant.
- The qualifications of the persons who will carry out the project.
- The financial capacity of the grant applicant to complete the project as proposed.
- The adequacy of the project plan and budget.
- Whether the grant proposal adequately identifies the nature of project expenses to be reimbursed under the proposed grant.

Grant Contracts

Under this rule, DATCP must enter into a grant contract with a grant recipient before distributing any grant funds to that recipient. The contract must spell out grant terms and conditions, including performance requirements, reporting requirements and payment terms.

Grant Payments

Under this rule, DATCP may distribute grant funds in one or more payments, based on documented progress toward completion of the grant project. The grant contract must describe payment terms and conditions. DATCP may require a grant recipient to file progress reports and submit expense documentation as necessary to support grant payments.

Fiscal Impact

This rule will have a fiscal impact on DATCP operations. Under this rule, DATCP must issue at least one request for grant proposals in each state fiscal biennium for which funding is available. DATCP staff must review grant applications, recommend grant awards, administer grants, and ensure compliance with applicable requirements. DATCP staff will also provide technical assistance to grant recipients, as appropriate.

Program administration will occupy at least 2.0 FTE staff in DATCP's Division of Agricultural Development (this does not include legal, managerial, DATCP central accounting, or other indirect staff support). The combined total cost for those 2.0 FTE staff will be \$147,000 per year, including salary, fringe benefits and support costs (there will be a smaller proportionate cost for the remainder of the current fiscal year). The biennial budget act authorized 1.0 new FTE staff position, including staff funding of \$42,700 GPR for the current fiscal year and \$64,100 GPR for FY 2008-09. In the short term, DATCP will try to fill remaining staffing needs by shifting current staff from other agricultural development programs.

The budget act also provided funding (but no staff positions) for training, marketing, data tracking and information technology for the "buy local" program. Funding for those purposes is \$110,000 GPR in the current fiscal year and \$165,000 in FY 2008-09.

Business Impact

The "buy local" grant program will benefit farmers, businesses and communities that participate in production, distribution or marketing of locally produced foods. Grant recipients will benefit directly, while others will benefit indirectly from the creation of stronger local food networks and systems. This rule will establish standards and procedures for the "buy local" grant program to ensure that the program is effective and accountable.

Federal and Surrounding State Programs

Federal Programs

The United States Department of Agriculture (USDA) administers a farmers' market promotion program. That program offers grants to help improve and expand domestic farmers markets, roadside stands, community-supported agriculture programs and other direct farmer-to-consumer marketing mechanisms.

USDA also provides food assistance programs for pregnant women, women with infants, children up to 5 years old, and seniors who are at nutritional risk. Those programs provide or promote fresh, locally grown foods to program participants.

Surrounding State Programs

Wisconsin's "buy local" program is the first state program of its kind in the nation. However, surrounding states provide various types and levels of support for local food systems. For example, Michigan's state procurement policy encourages purchases from local farmers and businesses. Iowa provides over \$3 million in annual funding for local food and sustainable agriculture programs at Iowa State University- Extension (Leopold Center).

DATCP Contact

Questions and comments related to this rule may be directed to:

Amy Bruner Zimmerman
Department of Agriculture, Trade and Consumer Protection
P.O. Box 8911
Madison, WI 53708-8911
Telephone (608) 224-5017
E-Mail: datcpBLBW@wisconsin.gov

Dated this _____ day of April, 2008.

STATE OF WISCONSIN,
DEPARTMENT OF AGRICULTURE,
TRADE AND CONSUMER PROTECTION

By _____
Rodney J. Nilsestuen, Secretary