

FISCAL ESTIMATE DOA-2048 (R 10/94) <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> UPDATED <input type="checkbox"/> CORRECTED <input type="checkbox"/>	LRB or Bill No. / Adm. Rule No. Ch. ATCP 99
SUPPLEMENTAL	Amendment No. (If Applicable)

Subject:
 Grain Dealers and Grain Warehouse Keepers

Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect Check below only if bill makes a direct appropriation or affects a sum sufficient appropriation. <input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriation <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriation	<input type="checkbox"/> Increase Costs – May be possible to absorb within agency’s budget? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local : <input checked="" type="checkbox"/> No local government costs 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Gov. Unit Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Counties <input type="checkbox"/> Cities <input type="checkbox"/> Other: <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Source Affected: <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations: 20.115 (1)(q)
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Assumptions Used in Arriving at Fiscal Estimate

The Agricultural Producer Security Fund (“APSF”) is a public trust administered by the Wisconsin Department of Agriculture, Trade and Consumer Protection (“Department”). Milk contractors, grain dealers, grain warehouse keepers, and vegetable contractors (collectively, contractors) must obtain a Department license to procure milk, grain, and vegetables, respectively, from producers, and most contractors are required to contribute to the APSF annually. APSF Funds are used to settle claims by producers in the event that a contractor defaults on payment or fails to return grain held in storage. Funds from each industry are accounted for separately and deposited into the overall fund. Wis. Stat. ch. 126 establishes detailed fund assessment requirements, except that it requires the Department to establish milk contractor fund assessments by rule. Wis. Stat. ch. 126 sets minimum fund balances for each industry, as well as a minimum balance requirement for the overall fund.

Wis. Admin. Code § ATCP 99.126 (5), establishes a fund assessment exemption for grain dealers. Wis. Admin. Code § ATCP 99.235 (4) establishes a fund assessment exemption for grain warehouse keepers. To be eligible, a licensee must have been a contributing grain dealer or grain warehouse keeper in each of the preceding five license years. The exemption does not apply if the fund balance attributable to grain dealers or grain warehouse keepers was less than \$3 million on May 31 of the preceding license year. The exemption also does not apply if the overall fund balance (which includes contributions from milk, grain and vegetable contractors) was less than \$11 million on May 31 of the preceding license year. Wis. Stat. § 126.88 sets the overall fund minimum balance at \$5 million.

In 2014 and 2015, defaults in the vegetable and milk industries totaled \$7.2 million, causing the APSF balance to drop substantially. With the overall fund balance well below the \$11 million minimum currently set in administrative code, the grain industry will not be eligible for fund assessment exemptions for an estimated five to six years.

The Department and the Agricultural Producer Security Council identified the need to evaluate the entire agricultural producer security program, so that changes can be made to mitigate the impact of large defaults in the future. In December 2015, the Department received an actuarial study of the APSF and began working with the APS Council to develop recommendations for permanent changes to the agricultural producer security program.

The proposed emergency rule would alleviate a financial burden otherwise placed upon licensed grain dealers and grain warehouse keepers. Without this change, the grain industry would not be eligible for fund assessment exemption for many years, and would ultimately repay a large portion of the fund balance lost in the default to vegetable producers.

The proposed rule will slow the growth of the overall fund balance, as the grain industry would otherwise be required to pay an additional \$200,000-\$250,000 annually, over the course of an estimated five to six years. This will result in fewer funds available to producers in milk, grain, and vegetable industries in the event of future large defaults.

Long - Range Fiscal Implications

There are no long-term implications of implementing this emergency rule.

Agency Prepared by (Name & Phone No.):
David Woldseth

Authorized Signature:

David Woldseth

Date:

8/3/16

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect DOA-2047 (R10/94) ORIGINAL UPDATED CORRECTED SUPPLEMENTAL

LRB or Bill No/Adm. Rule No. ATCP 99	Amendment No.
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SUBJECT
Emergency Rule

I. One-time Cost or Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Cost:	Annualized Fiscal Impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
1. State Operations - Salaries and Fringes	\$-0	\$ - 0
2. (FTE Position Changes)	(FTE)	(- FTE)
3. State Operations - Other Costs		
4. Local Assistance		- 0
5. Aids to Individuals or Organizations	0	- 0
TOTAL State Costs by Category	\$-0	\$ - 0
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
1. GPR	\$	\$ - 0
2. FED	0	- 0
3. PRO/PRS	0	- 0
4. SEG/SEG-S	\$-0	- 0
III. State Revenues -	Increased Revenue	Decreased Revenue
Complete this section only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fees)		
• GPR Taxes	\$ 0	\$ - 0
• GPR Earned	0	- 0
• FED	0	- 0
• PRO/PRS	0	- 0
• SEG/SEG-S	0	- \$250,000
TOTAL State Revenues	\$ 0	\$ - \$250,000

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ <u>0</u>	\$ <u>0</u>
NET CHANGE IN REVENUES	\$ <u>\$250,000</u>	\$ <u>0</u>

Agency Prepared by (Name & Phone No.):	Authorized Signature:	Date:
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