



Legislative Fiscal Bureau

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TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 325/Assembly Bill 314: Wisconsin Initiative for Agricultural Exports

2021 Senate Bill 325/Assembly Bill 314, companion bills, would establish a program for the promotion of agricultural exports by the Department of Agriculture, Trade and Consumer Protection (DATCP) and Wisconsin Economic Development Corporation (WEDC). SB 325 was introduced on April 27, 2021, and referred to the Senate Committee on Agriculture and Tourism. On May 5, the Committee held a public hearing. On May 26, the Committee adopted Senate Substitute Amendment 1 (SSA 1) by a vote of 9 to 0, and recommended the bill for passage by a vote of 9 to 0. On June 9, SB 325 passed the Senate by a vote of 32 to 0.

Assembly Bill 314 was introduced on May 7, 2021, and referred to the Assembly Committee on Agriculture. On May 20, Assembly Substitute Amendment 1 (ASA 1), identical to SSA 1, was offered. On October 13, Assembly Amendment 1 to ASA 1 was introduced. To date, AB 314 has not been amended.

On October 13, 2021, SB 325, as amended by SSA 1, was referred to the Joint Committee on Finance. Additionally, on October 13, Assembly Bill 314 was withdrawn from the Assembly Committee on Agriculture and referred to the Joint Committee on Finance.

BACKGROUND AND CURRENT LAW

According to U.S. Census Bureau data, Wisconsin exports of agricultural products, including dairy, livestock, fruit, vegetable, crop, and other products (excluding finished food and beverage products) have declined from a high of \$1.24 billion in 2014 to \$0.98 billion in 2019 and \$1.02 billion in 2020, not taking into account inflation. Major exports in 2020 included soybeans (\$155.9 million), cheese (\$122.2 million), milk products (\$115.5 million), and wheat (\$101.6 million).

The International Agribusiness Center (IAC), housed in the DATCP Division of Agricultural Development, provides technical expertise, market research, and market development initiatives to

establish trade-enhancing partnerships and grow Wisconsin's agricultural exports. IAC cultivates relationships with international buyers through attendance at international trade shows, and by conducting international trade missions and reverse buyer missions.

SUMMARY OF BILL AND SUBSTITUTE AMENDMENT

The following summary relates to SB 325/AB 314 as amended by the identical SSA 1/ASA 1, hereafter referred to as "the bill." In general, the bill would require DATCP to administer the agricultural exports program, while the bill as introduced would require WEDC to administer the program.

Agricultural Export Program. The bill would establish a Wisconsin Initiative for Agricultural Exports, administered by DATCP's International Agribusiness Center. The bill would require DATCP, in collaboration with WEDC, to seek to increase Wisconsin agricultural exports to 25% more than their December 31, 2021, amount by June 30, 2026, for the following: (a) milk and dairy products; (b) meat, poultry, fish, and meat products; and (c) crops and crop products.

Program Funding. The bill would create a continuing GPR appropriation for DATCP to support the program, similar to an appropriation previously created under 2021 Act 58, the biennial budget act. No funding would be provided in the appropriation. Instead, the bill would direct DATCP to submit a request to the Joint Committee on Finance for release of funding from its supplemental appropriation within 30 days of publication of Act 58 (this deadline has already passed). Additionally, the bill would require DATCP to reallocate 1.0 existing GPR position and associated funding to support administration of the program, and report on the reallocated position for the purposes of inclusion in the final Chapter 20 appropriations schedule as part of the agency base budget.

Funding Allocation. The bill would require DATCP and WEDC to submit a plan by December 31, 2021, to relevant standing committees on their plan to implement the initiative. That plan would be intended to allocate no more than \$1,000,000 each fiscal year over the five-year life of the program, for a total of \$5,000,000, consisting of \$2,500,000 for milk and dairy products, \$1,250,000 for meat, poultry, fish, and meat products, and \$1,250,000 for crops and crop products. Further, the plan would be required to specify how the agencies would allocate at least 15% of provided funding as grants to exporters no later than December 31, 2022.

Audit and Reporting. The bill would require DATCP and WEDC to report to relevant standing committees of the Legislature by June 30, 2024, on their progress towards meeting the previously stated goals. Further, the bill would require the Legislative Audit Bureau to conduct a program evaluation of program activities by December 31, 2026.

SENATE/ASSEMBLY AMENDMENT 1 TO SUBSTITUTE AMENDMENT 1

The identical Senate and Assembly Amendment 1 to SSA 1/ASA 1, hereafter referred to as "the amendment," would make the following changes:

- Delete the creation of a continuing GPR appropriation for the program. Act 58 created an appropriation to support the agricultural export program, thus a new appropriation is no longer necessary.
- Delete the requirement that DATCP submit a request to the Joint Committee on Finance for funding within 30 days of passage of Act 58. Instead, require DATCP to submit a request to the Committee for up to \$558,400 to support the first year of the program within 30 days of submittal of its implementation plan. (This request would be due no later than January 30, 2022.) The amendment would further require DATCP to submit a second request for up to an additional \$558,400 to support the second year of the program by October 1, 2022. The amendment would also allow the Joint Committee on Finance to supplement the appropriation without a finding of an emergency.
- Require DATCP to submit as part of its agency request for the 2023-25 biennial budget process a request for funding sufficient to meet the funding requirements of the bill in the biennium. The bill would require DATCP to expend no more than \$1,000,000 each year for the export program, for a total of \$5,000,000 by June 30, 2026. Thus, DATCP's agency request would be required to include a request for \$2,000,000 in additional funding during the 2023-25 biennium.
- Delete the reallocation of 1.0 GPR position and associated funding, and related reporting requirements to the Committee regarding the reallocated position. DATCP would be required to use existing staff to support the initiative.

FISCAL EFFECT

The bill as amended by the substitute and simple amendments would provide no additional funding for the export program, which would instead be supported from the Committee's supplemental appropriation. Act 58 allocated \$558,400 GPR each year in the supplemental appropriation for the export program to be released by the Committee. It is expected existing staff at DATCP and WEDC would absorb the duties associated with creating a proposal for consideration by the Committee.

Although the bill requires that DATCP allocate \$5,000,000 to support the program through June 30, 2026, and up to \$2,000,000 in the 2021-23 biennium, only \$1,116,800 (\$558,400 annually) is appropriated to the Committee's supplemental appropriation for that purpose during the 2021-23 biennium. Although the Finance Committee's appropriation is sufficient to fund the additional \$3.9 million for the export program, with the exception of \$267,200, all moneys appropriated to the Committee are reserved for release to specific programs under Act 58. To meet this requirement, DATCP would be required to allocate existing agency resources or request additional funding as part of the 2023-25 biennial budget process.

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