



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

June, 2021

Joint Committee on Finance

Paper #164

Something Special from Wisconsin (Agriculture, Trade and Consumer Protection -- Agricultural Assistance)

[LFB 2021-23 Budget Summary: Page 56, #1]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) operates the Something Special from Wisconsin branding program to increase awareness and interest in agricultural and food products with ingredients, production, or processing activities at least 50% attributable to Wisconsin. The program is administered by 1.4 GPR positions funded from the Division of Agricultural Development's general program operations appropriation. DATCP currently lists approximately 430 businesses participating in the program on its website.

Program participants certify their Wisconsin-made status with DATCP, and pay a fee of up to \$200, depending on their annual gross revenues. Fees for nonprofit participants are set at \$0, while the largest participants with \$500,000 or more in annual revenues pay \$200. DATCP collects funding in a program revenue appropriation authorized to expend up to \$57,700 each year under the 2021-23 base budget. In 2019-20, DATCP collected \$24,400 in fees from program participants, which supported administration of the program.

DISCUSSION POINTS

1. Assembly Bill 68/Senate Bill 111 would create a biennial appropriation and provide \$400,000 GPR in 2021-22 to support increased marketing efforts for the Something Special program to both consumers and potential participant businesses. DATCP would allocate funding as follows: (a) \$95,000 to produce brand promotion content for use in radio and television advertising; (b) \$90,000 to conduct social media, television, and online advertising of participant member products; (c) \$70,000 to engage Wisconsin sports teams in sponsorship or co-branding relationships to build brand awareness; (d) \$50,000 to pilot test retail pop-up stores in strategic markets during the 2021

holiday season; (e) \$35,000 to design and distribute additional retail displays at grocery stores or other retailers; (f) \$30,000 to place branded products in tourism shops at Wisconsin airports; (g) \$15,000 to produce promotional videos on program benefits to encourage producer participation; and (h) \$15,000 to update the program's website, including improved resources for participant businesses.

2. Something Special certification allows businesses to market their Wisconsin-sourced ingredients or workmanship. Recent trends in retail sales of food and other products have increased demand for farm-direct and locally produced agricultural products, which are thought to produce economic and social benefits for local communities, and may have lower environmental impact due to reduced transportation, processing, and packaging costs. As consumers seek locally sourced agricultural products, the Something Special from Wisconsin logo indicates to consumers the local nature of such products.

3. For many products, growth in retail sales may be dependent on marketing, brand recognition, and product placement efforts. However, such efforts may require significant upfront costs that are prohibitively expensive for relatively smaller local producers. DATCP reports that 70% of program participants are small businesses with less than \$100,000 in annual sales.

4. Provision of funding for marketing of the Something Special brand provides similar marketing and brand recognition benefits through coordination among a variety of products. Based on reporting from participants, DATCP estimates that small businesses with sales of less than \$100,000 annually see an increase in sales of perhaps 12% after joining the Something Special program. Further, as more businesses participate in the program, recognition of the Something Special logo increases, which may increase the economic benefit for other businesses to participate. DATCP estimates that marketing and outreach efforts supported by the proposed funding would increase membership by perhaps 150 companies.

5. The Wisconsin Department of Tourism is responsible for the promotion of Wisconsin's scenic, historic, cultural, recreational, and other attractions through digital, print, radio and television media. As the state's primary marketing agency, Tourism administers contracts with third-party vendors to advertise Wisconsin tourism, and maintains staff with expertise in marketing, design, branding strategy, and video production. As part of its duties, Tourism operates an Office of Marketing Services (OMS) clearinghouse to provide marketing services to other state agencies. Under its clearinghouse arrangement, Tourism maintains staff and expertise related to marketing, and charges state agencies per hour of services it provides. OMS is authorized 1.0 PR position and has a budget of \$141,100 PR annually to support marketing efforts on behalf of other state agencies. Further, the Office occasionally hires limited-term staff to support additional marketing efforts. DATCP reports it regularly collaborates with OMS and intends to do so in implementing the proposal.

6. Given the potential benefits to local Wisconsin small businesses of marketing the Something Special from Wisconsin brand, the Committee could consider providing \$400,000 GPR [Alternative 1] or \$200,000 GPR [Alternative 2] in 2021-22. As the proposal reflects an experimental use of funding, the Committee could require DATCP to report to the Committee and other relevant standing committees of the Legislature by September 30, 2022, on how funding has been allocated and the resulting impacts of marketing activities [Alternative 3]. The Committee could also take no action [Alternative 4], and DATCP could allocate existing program fee revenue to support marketing

and outreach efforts.

ALTERNATIVES

1. Create a biennial appropriation for marketing of the Something Special from Wisconsin program and provide funding of \$400,000 GPR in 2021-22 for that purpose.

ALT 1	Change to Base
GPR	\$400,000

2. Create a biennial appropriation for marketing of the Something Special from Wisconsin program and provide funding of \$200,000 GPR in 2021-22 for that purpose.

ALT 2	Change to Base
GPR	\$200,000

3. Require the Department to report to the Joint Committee on Finance by September 30, 2022, on how funding has been allocated and the resulting impacts of marketing activities.

4. Take no action.

Prepared by: Rory Tikalsky