

**MEETING MINUTES**  
**AGRICULTURAL PRODUCER SECURITY COUNCIL**

June 25, 2018

The Agricultural Producer Security Council held a meeting on Monday, June 25, 2018, at the headquarters of the Wisconsin Department of Agriculture, Trade and Consumer Protection, 2811 Agriculture Drive, Madison, Wisconsin.

**Attendance**

Two council members were present: Nick George and Don Hamm. Council members Doug Cropp, Dave Daniels, John Manske, Craig Myhre, John Umhoefer, Andy Wallendal and Jim Zimmerman participated by phone.

DATCP staff members present included Eric Hanson, Jeremy McPherson, Lori Ronnerud, Sean Brown, David Woldseth, Michael Carlson and DATCP attorney Paul Lazotte. Tom Bressner from the Wisconsin Agri-Business Association was also in attendance.

**Agenda Item I      Call to Order**

Dave Daniels called the meeting to order at 9:04 a.m.

**Agenda Item II      Approve Minutes**

Chair Daniels asked if there were any comments or corrections to the minutes. Hearing none, John Manske moved to approve the minutes from the April 9, 2018 meeting as presented. Andy Wallendal seconded the motion, and the motion passed unanimously.

**Agenda Item III      Permanent Rule Hearing Draft – ATCP 99 & 100**

Jeremy McPherson reported that 2017 Wisconsin Act 155, which went into effect in April, made several changes to the producer security statute. Some of those changes required additional rulemaking.

First, Act 155 combined certain aspects of the grain dealer and grain warehouse keeper programs relating to minimum and maximum Fund balance thresholds. Changes to ATCP 99 are necessary to align with the new statutory language. Specifically, the proposed rule modifies the grain warehouse keeper assessment reduction and exemption thresholds to align with the changes enacted under Act 155. These proposed changes will result in grain warehouse keepers receiving assessment reductions approximately when they would have received those reductions under the old law. However, they will benefit by a more stable fund balance threshold, as indicated in the 2015 actuarial study.

Secondly, Jeremy explained that Act 155 made it permissible for milk producers and contractors to enter into deferred payment contracts. The added statutory language requires DATCP to establish a milk contractor deferred payment assessment rate by rule. The

proposed rule creates a rate of 0.0035, which translates to \$0.35 for every \$100 in deferred payment. Because adding this new assessment to existing administrative code created confusing language, all of Ch. ATCP 100.135(1) was rewritten. However, no additional substantive changes were made to this section.

John Manske asked if the proposed rate was identical to what's currently required for grain dealers and asked how we decided on that rate. Jeremy replied that the rates were identical. He added that the same rate seemed reasonable, noting that both programs allow for deferring payment for up to 120 days, representing about the same amount of risk.

John Umhoefer asked for clarification on whether the statute required that the deferred payment assessment be passed on to producers and asked for further explanation of the restructuring of ATCP 100.135(1). Jeremy McPherson indicated that the statute did allow for the deferred payment assessment to be passed on to producers. Eric Hanson walked through the new ATCP 100.135(1) language, pointing out that the new language results in the same basic assessment as the old language.

Chair Daniels asked if there was a motion. John Manske made the motion for approval of the Hearing Draft. Nick George seconded the motion, and it passed unanimously. Michael Carlson said the Permanent Rule would be presented for approval at the DATCP board meeting on July 25<sup>th</sup>.

#### **Agenda Item IV    Emergency Rule Draft – ATCP 100**

Jeremy McPherson explained the emergency rule was necessary and required under Act 155 to establish a deferred payment assessment rate before milk producers are likely to enter in to deferred payment contracts with milk contractors. John Umhoefer asked Dave Daniels what he thought of the rate of 0.0035. Dave responded that it is an additional tool that provides milk producers with more opportunities to manage their taxes. Don Hamm agreed, but thought it would be rarely used.

Chair Daniels asked if there was a motion. John Manske moved to approve the emergency rule for ATCP 100. Nick George seconded the motion. Motion passed unanimously.

#### **Other Discussion**

Nick George reported that his organization has been meeting with vegetable growers about helping to pay for vegetable contractor assessments. Nick said that the growers did a survey and, although they like the program, they are not willing to change the payment structure.

John Manske asked how much time was left on Louise's term. Jeremy McPherson responded that there is one year left and that the department will reach out to the Dairy Products Association in the near future about nominating a replacement.

#### **Agenda Item V    Adjourn**

A motion to adjourn was made by Nick George, with a second by John Manske. Motion passed unanimously. The meeting adjourned at approximately 9:27 a.m.