

**ADMINISTRATIVE RULES
FISCAL ESTIMATE
AND ECONOMIC IMPACT ANALYSIS**

Type of Estimate and Analysis

Original Updated Corrected

Administrative Rule Chapter, Title and Number

Ch. ATCP 161, Dairy Processor Grants

Subject

Dairy Processor Grants

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Chapter 20 , Stats. Appropriations Affected

20.115(4)(dm)

Fiscal Effect of Implementing the Rule

No Fiscal Effect
 Indeterminate

Increase Existing Revenues
 Decrease Existing Revenues

Increase Costs
 Could Absorb Within Agency's Budget
 Decrease Costs

The Rule Will Impact the Following (Check All That Apply)

State's Economy
 Local Government Units

Specific Businesses/Sectors
 Public Utility Rate Payers

Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

Policy Problem Addressed by the Rule

This rule implements the "Wisconsin dairy processor" grant program created under s. 20.115 (4) (dm) and 93.40 (1) (g), Stats., by 2013 Wisconsin Act 20 (biennial budget act). Under s. 93.40 (1) (g), Stats., the Department of Agriculture, Trade and Consumer Protection ("DATCP") is authorized to award grants and loans to dairy producers for projects designed to promote the growth of the dairy industry. The budget act creates an annual appropriation of \$200,000 for each year of the biennium in DATCP for grants to dairy processors. (See s. 20.115 (4) (dm), Stats.)

This rule does all of the following:

- Authorizes DATCP to make grant awards and distribute grant funds appropriated for the "Wisconsin dairy processor" grant program.
- Specifies the procedures and criteria that DATCP will use to evaluate grant proposals, make grant awards and distribute grant payments.
- Specifies the purposes for which grant funds may be used, subject to the terms of the grant contract.

Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The "Wisconsin dairy processor" grant program is voluntary and thus imposes no cost on businesses. By providing \$200,000 in grant funding to dairy processors, the "grow Wisconsin dairy processor" grant program will benefit dairy farms, other dairy businesses and communities that participate in production, distribution or marketing of dairy products. Grant recipients will benefit directly, while others will benefit indirectly from the creation of a stronger dairy industry. DATCP plans to use

application procedures that will make the cost of applying insignificant and particularly make it possible for small businesses to apply for funding without hiring consulting services.

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. 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 and loan applicants and recipients, as appropriate.

Program administration will occupy at least .5 FTE staff in DATCP's Division of Agricultural Development (this does not include legal, managerial, DATCP central accounting, or other indirect staff support). The cost for the .5 FTE staff will be \$50,000 per year, including salary, fringe benefits and support costs (there will be a smaller proportionate cost for the remainder of the current fiscal year). DATCP will try to fill program staffing needs by shifting current staff from other agricultural development programs.

Local Governments

This rule will not impact local governments. Local governments will not have any implementation or compliance costs.

Utility Rate Payers

The rule will have no impact on utility rate payers.

General Public

This rule will have a positive effect on the agricultural sector of the economy and therefore on the state economy and in that way will produce positive results for the general public.

Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Benefits

Dairy Processor grant recipients will benefit directly, while others will benefit indirectly from the creation of a stronger dairy industry.

General Public

The general public will benefit from this rule because the state will have a stronger dairy industry.

Alternatives

This rule does all of the following:

- Authorizes DATCP to make grant awards and distribute grant funds appropriated for the "Wisconsin dairy processor" grant program.
- Specifies the procedures and criteria that DATCP will use to evaluate grant proposals, make grant awards and distribute grant payments.
- Specifies the purposes for which grant funds may be used, subject to the terms of the grant contract.

The legislation that created the dairy processor grant program does not include criteria for grant determinations. To carry out legislative intent the only alternative is for DATCP to create those criteria by administrative rule.

Long Range Implications of Implementing the Rule

Long-term, implementing the rule will benefit dairy processors, the dairy industry and the general public.

Compare With Approaches Being Used by Federal Government

There are currently no similar federal programs.

Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

The Minnesota Dairy Development and Profitability Enhancement program awards \$200,000 annually in grants of up to \$5,000 per dairy producer to cover half the cost of a comprehensive business plan to evaluate farm start-up, modernization and expansion.

In 2009-2010, 50 Minnesota producers were selected to share \$1 million in grants aimed at boosting the state's livestock sector with projects that include renovation of milking facilities, barn upgrades, technology modernization, improved waste management systems and business transitions.

There are no similar programs in Illinois, Indiana, Iowa, or Michigan.

Comments Received in Response to Web Posting and DATCP Response

No comments were received in response either to the posting on the DATCP external website or the statewide administrative rules website.