

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

Type of Estimate and Analysis

Original Updated Corrected

Administrative Rule Chapter, Title and Number

Ch. ATCP 142, Cranberry Marketing Order

Subject

Pesticide Use and Control

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Chapter 20 , Stats. Appropriations Affected

None

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 increases the maximum assessment the cranberry marketing board may charge to cranberry producers under Chapter ATCP 142, the cranberry marketing order as follow:

- The maximum assessment the cranberry marketing board may charge increases from ten cents per barrel to a maximum of 15 cents per barrel beginning the year this amendment to the marketing order becomes effective, to a maximum of 20 cents per barrel beginning in 2017 and to a maximum of 25 cents per barrel beginning in 2019.

DATCP administers Wisconsin's agricultural marketing law which authorizes the creation of marketing orders for agricultural commodities. Each marketing order board collects assessments from producers of the applicable commodity. The assessments may be expended by the board for promotion, research or consumer education for the commodity. The provisions of Ch. 96, Stats., and Ch. ATCP 140 Wis. Adm. Code and the applicable marketing order (Chs. ATCP 141 to 148) govern the organization of each of the seven marketing order boards, the election of marketing board members, the assessment of producers and the use of assessments.

Wisconsin produces more cranberries than any other state in the nation. In 2012 Wisconsin growers produced 4,830,000 barrels of cranberries. Cranberry is the state's No. 1 fruit crop in both value and acreage. The cranberry industry currently provides nearly \$300 million annually to the state's economy and supports approximately 3,400 jobs across the state.

Cranberry assessments have been used effectively to expand the market for cranberries dramatically from a time when cranberries were thought of primarily as a relish at the Thanksgiving dinner to today when cranberries have become part of the everyday diet and are used in a wide range of dishes. Assessments also support crop and environmental research including sustainable production practices, nutrient management, water conservation and water quality protection. The current maximum rate of

assessment of ten cents per barrel has existed since 1983. To continue the successful marketing and research, the Cranberry Board believes increased funding is required.

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)

Local Governments

This rule will not impact local governments.

Cranberry Growers

In 2012 cranberry growers collectively produced a total crop of 4,830,000 barrels valued at approximately \$231 million. The price per barrel in 2012 was \$47.80. At the assessment rate of 10 cents per barrel the assessment in 2012 equaled approximately .02 percent of the crop value. If the Cranberry Board assess at the maximum rates, the assessment, based on 2012 price per barrel, will equal .031 % of the crop value in 2015 and 2016, .042% in 2017 and 2018 and .052% thereafter. The result is a modest cost increase for each grower. However, if the use of assessments produces the kind of market share increase that the industry has seen in recent years the increased assessment cost will be more than made up for by increased sales.

Utility Rate Payers

The rule will have no impact on utility rate payers.

General Public

This rule indirectly affects the general public by increasing the ability of an important segment of the Wisconsin economy to maintain the impressive growth it has experienced in recent years.

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

Benefits

This rule will benefit cranberry growers by providing funding through increased assessments needed to produce the kind of market share increase that the industry has seen in recent years

General Public

The general public will benefit from this rule as a result of continued growth of an important segment of the Wisconsin economy.

Alternatives

The alternative is to leave cranberry assessments at the current level which has existed since 1983. To continue the successful marketing and research, the Cranberry Board believes increased funding is required.

Long Range Implications of Implementing the Rule

Long-term, implementing the rule will benefit business, the general public, and the Wisconsin economy as increased assessment funding will help to continue the impressive growth of the cranberry industry in Wisconsin.

Compare With Approaches Being Used by Federal Government

There is a federal marketing order for cranberries under which assessments are collected in a manner similar to the state cranberry marketing order. The state and federal marketing orders are operated cooperatively to effectively use the assessments for the benefit of cranberry growers.

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

There are very few cranberry producers in the surrounding states and none of the surrounding states have a cranberry marketing order.

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.