



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2003 Senate Bill 455

**Senate
Amendment 1**

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2003 Senate Bill 455 relates to the milk producer security program and, in particular, to the requirements on milk contractors under that program.

Under *current law*, milk contractors (a category of entities that buy milk from milk producers) must provide security to ensure payment of their obligations to milk producers. The primary way of providing security is to make payments to the Agricultural Producer Security Fund. However, milk contractors may be disqualified from participation in the fund for any of several reasons. Disqualified milk contractors must provide alternative forms of security.

Milk contractors are required to file annual audited financial statements with the Department of Agriculture, Trade and Consumer Protection (DATCP).

A milk contractor that reports more than \$1.5 million in annual milk payroll obligations and negative equity is required to file separate security. The DATCP may release this security if a milk contractor reports annual milk payroll obligations of not more than \$1.5 million *or* positive equity in two consecutive years.

Senate Bill 455 provides that a milk contractor that is required to file security because the milk contractor reports more than \$1.5 million in annual milk payroll obligations and negative equity may, in lieu of filing an audited financial statement, file a compilation of financial information acceptable to the DATCP, accompanied by a sworn statement of the information's validity.

Senate Amendment 1 modifies the conditions for release of security. It retains the DATCP's ability to release the milk contractor's security if the contractor reports not more than \$1.5 million in annual milk payroll obligations. However, it modifies the ability to release security based on a showing of positive equity. It allows the DATCP to release the security of a milk contractor that shows positive equity for two consecutive years if that equity is documented in audited financial statements and the milk contractor reports not more than \$6 million in annual milk payroll obligations.

Legislative History

On March 2, 2004, the Senate Committee on Agriculture, Financial Institutions and Insurance introduced Senate Amendment 1 and recommended adoption of the amendment and passage of the bill as amended on identical votes of Ayes, 5; Noes, 0.

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