MEETING MINUTES

AGRICULTURAL PRODUCER SECURITY COUNCIL

August 15, 2012

Call to order

The Agricultural Producer Security (APS) Council held a meeting on Wednesday, August 15, 2012, at the headquarters of the Wisconsin Department of Agriculture, Trade and Consumer Protection, 2811 Agriculture Drive, Madison, Wisconsin.

Chairman John Manske called the meeting to order at 1:05 pm.

Attendance

Eight council members were present either by phone or in person. Appearing in person were John Manske, John Umhoefer, and Nick George. Appearing by phone were Craig Myhre, Dave Daniels, Louise Hemstead, Duane Maatz, and Jim Zimmerman.

Two council members were absent: Don Hamm and Doug Cropp.

DATCP staff members present were Eric Hanson, Jeremy McPherson, Sandy Chalmers, and Jeff Lyon.

Members of the public present by phone included Dick Pavelski, Paul Sowinski, and Brad Faldet.

Agenda

The only item on the agenda was to address the request made at the Aug. 9, 2012 Producer Security Council Meeting by Duane Maatz of WPVGA to recommend deregulation of chip potato processors from the Producer Security Program. This request was made as part of a motion made, on Aug. 9th, by Doug Cropp to recommend eliminating DATCP's grain warehouse licensing requirement and replace it with a requirement that Wisconsin grain warehouses obtain a federal license. Duane's request was tabled so that a proper public notice could be issued.

Chairman Manske handed the floor to Jeremy McPherson to begin the discussion.

Jeremy began by pointing out differences between the Perishable Agricultural Commodities Act (PACA) and the US Warehouse Act. The USDA guarantees a minimum level of coverage through security filed by each licensed grain warehouse keeper and the license is voluntary. A PACA license is required for marketing fresh and frozen vegetables in interstate and foreign commerce and coverage available under PACA is merely a priority ranking in a bankruptcy proceeding rather than guaranteed coverage. Jeremy also pointed out that, under PACA, nobody audits to make certain requirements are met so that growers adequately preserve their priority ranking. The responsibility falls entirely on growers.

Jeremy also reminded the group that, in 2005 when the current opt-out provision became law, growers wanted the state to maintain some level of oversight over compliance with PACA requirements.

Duane Maatz added that the program has been a frustration of chip growers because of the business cost that does not add value to the product.

A question was asked about how many potato processors opt-out each year. Eric Hanson indicated that the number was steady from year to year at about a dozen. Eric clarified that only buyers of potatoes can opt out and not producer agents that market potatoes. Eric also reviewed the various requirements in order for potato processors to opt out of filing financial statements and avoid participating in the APS Fund.

Duane Maatz stated that the PACA program was more cost effective than the Producer Security Program.

A comment was made that all potato chipper buyers have 30 day payment terms. Eric Hanson indicated that DATCP auditors have found a few potato chippers that did not have 30 day payment terms.

John Manske asked for input from potato growers who were on the phone.

Paul Sowinski commented the PACA process is not that stringent and that producers have 90 days to turn in a claim if not paid. Paul also said that they have been through the PACA process several times and still got paid, even though they didn't do anything that was supposed to be done.

Dick Pavelski added that he has heard of businesses going to Michigan because they didn't want to go through DATCP audits. Paul Sowinski commented that surrounding states don't have similar requirements.

Nick George indicated that DATCP should streamline and eliminate duplication.

Duane clarified that this discussion was only relating to potato chip processors and no other potato processors. John Umhoefer asked if there was any crossover between chip potatoes and potatoes used for other processing.

Craig Myhre reminded the group that the Council was only advisory to DATCP.

Motion Duane Maatz made the following motion: Recommend that DATCP eliminate the licensing requirement for chipping potato buyers, sellers, and producer agents of chip potatoes, and replace it with a requirement that chipping potato buyers, sellers, and producer agents of chip potatoes obtain a Perishable Agricultural Commodities Act license.

Nick George seconded the motion.

John Manske asked for discussion on the motion.

John Umhoefer clarified that the motion only addressed the Agricultural Producer Security License and no other license required by DATCP.

Craig Myhre asked if this was like the grain warehouse recommendation from the Aug. 9, 2012 meeting. John Manske said it was and it wasn't, as described by Jeremy McPherson at the beginning of the meeting.

The Council members present voted unanimously to approve the motion.

Motion to adjourn was approved.

John Manske, Chair

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