

Governor Doyle's Proposed 2009–11 Biennial Budget

Briefing on DATCP-Related Items

February 17, 2009

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1. Working Lands Initiative

Key Provisions

Beginning in fiscal year 2010-11, implement key recommendations of the Working Lands Initiative report.

- Cap net additional costs at zero (see the table below for cost details).
- Streamline the agricultural planning and zoning program.
- Provide \$420,000 GPR/yr for planning grants to local governments.
- Revise the farmland preservation tax credit from an income-based credit to a per acre credit.
- Vary the credit based on zoning and agreement status.
 - \$10/acre; in farmland preservation zoning district *and* under agreement with DATCP
 - \$7.50/acre; zoning only
 - \$5/acre; agreement only
- Provide \$27.280 million per year for the credit.
- Authorize voluntary Agricultural Enterprise Areas; restrict new Farmland Preservation Agreements to such areas.
- Establish a state matching grant program for local purchases of agricultural conservation easements.
- Provide \$12.0 million in bonding for the easement program.

Working Lands Cost Summary

<i>Tax Credits</i>	<i>Current</i>	<i>Proposed</i>	
	<i>FY09</i>	<i>FY10</i>	<i>FY11</i>
Farmland Preservation Tax Credit	\$12,700,000	\$12,700,000	\$27,280,000
Farmland Tax Relief Credit	15,000,000	15,000,000	0
Planning Grants	<u>0</u>	<u>0</u>	<u>420,000</u>
	\$27,700,000	\$27,700,000	\$27,700,000

If tax credit claims exceed \$27.280 million in any given tax year, the Department of Revenue may pay excess claims in the succeeding fiscal year (after July 1). In that case, the Department of Revenue will lower per acre rates for the succeeding year to offset prior year excess claims. This two-year balancing process is similar to the current Farmland Tax Relief Credit. It controls program costs without subjecting claimants to unexpected rate changes within a given tax year.

<i>Conservation Easements</i>	<i>Authorized Bonding</i>	
	<i>Current</i>	<i>Proposed</i>
Conservation Reserve Enhancement Program	\$12,000,000	0
Agricultural Conservation Easements	0	\$12,000,000

2. Agricultural Development

<i>Title</i>	<i>Description</i>	<i>Source</i>	<i>FY10 \$</i>	<i>FY11 \$</i>	<i>FTE</i>
Dairy Processing Cooperatives Investment Tax Credit ¹	Create a refundable tax credit for investments in modernization or expansion by dairy plant cooperatives (the credit would be claimed by coop members in proportion to their share of the business). Set the credit equal to 10% of authorized modernization or expansion costs. Limit lifetime claims for any one facility to \$200,000. Limit total claims in each year. Sunset January 1, 2017. (Similar to 2009 AB 37.)	Credit	\$600,000	\$700,000	-
Meat Processing Investment Tax Credit ¹	Create a refundable tax credit for investments in modernization or expansion by meat processing plants. Set the credit equal to 10% of authorized modernization or expansion costs. Limit lifetime claims for any one facility to \$200,000. Limit total claims in each year. Sunset January 1, 2017. (Similar to 2009 AB 12.)	Credit	\$300,000	\$700,000	-
Next Generation Farmer Tax Credit	Beginning in 2011 (FY12), provide refundable tax credits for beginning and established farmers who enter into at least a three year lease of agricultural assets used for farming (other than land). <ul style="list-style-type: none"> • Beginning: \$500 for a farm financial management course. • Established: 15% of lease payments rec'd; up to three years. 	Credit	-	-	-
Buy Local, Buy Wisconsin Program ²	Fund the grant program on an ongoing basis. Funding was provided in the 2007-09 biennium on a one-time basis.	GPR	\$225,000	\$225,000	-

¹ Also included in the Budget Adjustment Bill.

² Included in September 15 DATCP budget proposal.

3. Public Health and Safety

<i>Title</i>	<i>Description</i>	<i>Source</i>	<i>FY10 \$</i>	<i>FY11 \$</i>	<i>FTE</i>
Animal Health Staffing	Provide 4.0 FTE PR positions and related expenditure authority to improve animal disease control efforts in the state. Funding will come from the proposed slaughter fee.	PR	\$230,000	\$310,000	4.0
Meat Inspection Staffing	Provide 7.0 FTE positions and related expenditure authority to meet increased USDA meat inspection requirements. New daily inspection rules require an inspector to be present each day meat is processed. Current staffing levels are inadequate for daily inspection and would require some plants to close on certain days. State funding will come from the proposed slaughter fee.	PR FED	\$327,900 \$197,900	\$375,300 \$245,300	3.5 3.5
Slaughter Fee	Establish a per-head slaughter fee to fund improved animal health and meat safety efforts: <ul style="list-style-type: none"> • Charge the fee at commercial slaughter facilities • Per-head fee set in statute as: cattle (14¢), calves (10¢), hogs (14¢), and poultry (1¢). • Allow DATCP to revise fees by rule 	Rev	\$752,000	\$752,000	
			estim. rev.	estim. rev.	

4. Agricultural Resource Management

<i>Title</i>	<i>Description</i>	<i>Source</i>	<i>FY10 \$</i>	<i>FY11 \$</i>	<i>FTE</i>
Soil and Water Resource Management Bonding	Provide an additional \$7.0 million in general fund supported bonding authority for landowner cost-share grants to ensure the state makes reasonable progress in achieving statewide conservation priorities. This would raise total bonding authority for the program to \$40.075 million.	BR	\$7,000,000	-	-
Seed License Program Revisions ³	Revise the outdated statutory fee schedule to increase revenues for inflation and to more fairly assess fees based on sales. Authorize future fee changes by rule. Also, provide the department with additional rule-making authority over label content, germination standards, and related matters. Finally, expand the nonprofit Wisconsin Crop Improvement Association's certification authority to include weed-free mulch, hay, and straw (current law authorizes the association to certify "agricultural and vegetable seed"). (Expected revenue of \$43,600 per year.)	PR	-	\$13,000	-

³ Included in September 15 DATCP budget proposal.

5. Consumer Protection

<i>Title</i>	<i>Description</i>	<i>Source</i>	<i>FY10 \$</i>	<i>FY11 \$</i>	<i>FTE</i>
Telecommunications Consumer Protection Funding	Establish an assessment on telecommunications companies to cover the costs of telecommunications-related consumer protection work. The assessment would be administered by the Public Service Commission as part of the normal telecom assessment process. Transfer 6.0 FTE positions from GPR funding to PR funding. The affected positions handle consumer complaints related to telecommunications including service and billing.	GPR	\$-420,000	\$-420,000	-6.0
		PR	\$420,000	\$420,000	6.0
		Rev	\$420,000	\$420,000	
Weights and Measures Program Revisions	Establish or revise five weights and measures program fees to cover increasing program costs, to more fairly assess fees based on regulatory work load, and to resolve an inspection backlog for certain devices. The proposed new fees would cover vehicle tank meters, vehicle scale construction, and re-inspections following violations of weights and measures laws. The proposed fee revision would change the liquefied petroleum gas meter fee to an annual fee from a one-time fee. Fees would be set by the department in rule. Also, reduce weights and measures GPR funding by \$92,000 per year.	GPR	\$-92,000	\$-92,000	-

6. Reductions & Lapses

Permanent Program Reductions

	<i>FTE</i>
• Eliminate the market news program. (GPR)	2.0
• Eliminate the Clean Sweep Program. (Grant funding from the Recycling Fund; position funding from the Agrichemical Management Fund.)	1.0
• Eliminate 1.0 FTE position and related funding. (Agrichemical Management Fund.)	1.0
• Eliminate support funding for the Land and Water Conservation Board. Board would be replaced by a council, reducing support needs. (Environmental Fund)	-
• Reduce consumer protection staffing and expenditure authority. (GPR)	10.0

Permanent Across-the-Board Reductions

- 1% all appropriations: Reduce all appropriations by one percent, except sum sufficient and federal appropriations.
- 5% GPR: Reduce all GPR appropriations by five percent, except debt service and other sum sufficient appropriations.

Ag. Chem Funds Lapses

- Agrichemical Management Fund: \$500,000 FY10 / \$1,000,000 FY11.
- Agricultural Chemical Cleanup Fund: \$500,000 FY10 / \$500,000 FY11

Statewide Lapses

Amounts and sources not specified; to be allocated to agencies by DOA.

- Budget Adjustment Bill: \$125 million statewide over three years (FY09, FY10, FY11)
- Biennial Budget Bill:
 - \$137 million statewide over two years (FY10 and FY11)
 - Likely other lapses not yet known.