



State of Wisconsin
Governor Tony Evers

Department of Agriculture, Trade and Consumer Protection

MILK CONTRACTOR LICENSE APPLICATION INFORMATION

Chapter 126, Wisconsin Statutes. – Chapter ATCP 100, Wisconsin Administrative Code

The Milk Contractor License Application is required to be filled out by a milk contractor who procures producer milk in this state as defined in Wis. Stats. § 126.40(8). A \$25.00 license fee is to be submitted with the application. ****For question 4 on page 3 of an original application, you are to provide an estimate of the total milk payroll obligation that you will incur in your first 12 month complete fiscal year operating as a milk contractor. If you first became licensed as a milk contractor during the past license year and after your most recent fiscal year end, you are to provide an estimate of the total milk payroll obligation that you will incur in your first 12 month complete fiscal year operating as a milk contractor.**** On question 5 and 6 provide an estimate of the hundredweight of milk and the highest month obligation during that same 12 month period.

The license application needs to be signed by an officer of the company that is listed on the application or an attachment to the application, and that signature must be notarized; otherwise it is not a valid license application. If any lines are left blank in the signature/notarization portion of the license application, it is not a completed license application. All license fees and surcharges must be paid before a license application is accepted as a complete and valid license application.

Wis. Stats. §126.41(3) states the annual license fee and surcharges that apply for operating without a license and for submitting renewal applications late ([see fee & surcharge statement](#)). Generally, there is a required annual fund assessment that is paid into an agricultural producer security fund each year, if you have a current ratio less than 1.25 to 1, a debt to equity ratio of more than 2 to 1, or negative equity. The assessment rate calculations can be found in Wis. Adm. Code § ATCP 100.135. A milk contractor assessment calculator can be found on the department website. An assessment fee invoice will be sent when the milk contractor license is issued.

If you have negative equity reported on a required financial statement when first licensed and you report more than 150,000 hundredweight (cwt) of producer milk that the applicant will procure in this state during the applicant's first complete fiscal year [Wis. Stats. § 126.47 (1) (a)], you are required to file security before a license is issued instead of paying annual assessments.

Wisconsin Statute Section 126.44 Requires The Following:

Annual Financial Statement: Milk contractors are required to file an annual financial statement with the department **before the department first licenses** the milk contractor, unless the milk contractor reports no more than 150,000 cwt of producer milk on their milk contractor license application.

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All milk contractors **are required to file an annual financial statement** by the 15th day of the 4th month following the close of the milk contractor's fiscal year, **unless**:

- ◆ A milk contractor reports no more than 150,000 cwt of producer milk on their milk contractor application, **or**
- ◆ A contributing milk contractor procures producer milk in this state solely as a producer agent.

Failure to file by the 15th day of the 4th month will result in a \$100 license surcharge for failure to file an annual financial statement by the applicable deadline, if you are required to file a financial statement. The department may extend the filing deadline for up to 30 days, if a written request for extension is received at least 10 days before the filing deadline [Wis. Stats. § 126.44(1)(d)]. "A person filing a financial statement under this section may not file, in lieu of that person's financial statement, the financial statement of the person's parent organization, subsidiary, predecessor, or successor." [Wis. Stats. §126.44(10),]. *"If a milk contractor has been in business for less than one year, the milk contractor may file an annual financial statement... consisting of a balance sheet and notes."* [Wis. Stats. § 126.44(8)(b),].

A financial statement is not required, if you report less than 150,000 cwt of producer milk in the previous fiscal year. You may file a reviewed or an audited financial statement, if you report more than 150,000 cwt but no more than 2,500,000 cwt of producer milk. A reviewed financial statement must include a sworn and notarized statement that the financial statement is correct. You must file an audited financial statement, if you report more than 2,500,000 cwt of producer milk. The hundredweight of producer milk is based on your fiscal year end.

Under Wis. Stats. § 126.44 (8) (c), the milk contractor shall include calculations of the milk contractor's current ratio and debt to equity ratio in the financial statement. This may be done by a separate attachment to the financial statement. Section ATCP 100.12(6), Wis. Adm. Code, specifies requirements regarding attachments to the financial statements. If you are required to file a financial statement, please include such calculations with a financial statement. These calculations will be used to determine the annual fund assessments required in § ATCP 100.135, Wis. Adm. Code. The assessment is determined for a full year as required in § ATCP 100.135 (7) (c), Wis. Adm. Code., when the financial statement is received and the license application is completed.

Wisconsin Administrative Code Chapter ATCP 100: This rule includes disclosures that must be made in June of each year to producers or producer agents from whom you purchase milk. Any new producers or producer agents that you purchase from after June of each year should receive a disclosure notice prior to your first purchase of milk from those producers or producer agents. Section ATCP 100.20(2), Wis. Adm. Code, lists the various forms of disclosures. You must provide the milk security disclosure statement **VERBATIM** to milk producers and producer agents as required in § ATCP 100.20(1), Wis. Adm. Code, when you first procure milk from them.

Section C of the application relates to the “Milk contractor default claim waiver”.

This section applies if there is common ownership in the producer, or producer agent, and in the milk contractor of greater than 50%. A waiver requires documentation of ownership interest under Wis. Stats. § 126.70 (1) (c), and must be on file with the department or filed with the application to lower contract obligations pursuant to the waiver. Total contract obligations (reduced for producer and producer agent waived contract obligations) determine the assessment amount paid into the agriculture producer security fund. Assessment fees due prior to filing the default claim waiver with the department will not be adjusted. The reduced contract obligation amount is also used to determine the type of financial statement filed with the department. **License fees will not be reduced as a result of any related party obligations. If you meet the greater than 50% ownership in a producer or producer agent and the license holder, you may contact the department as indicated in the last paragraph for a waiver form.**

If you have any questions regarding licensing of milk contractors, please contact Scott Manthey at (608) 224-4996 or Eric Hanson at (608) 224-4968.

Please return the application completely filled out with the \$25.00 application fee and any required financial statements or security to:

Agricultural Producer Security Section
WDATCP
2811 Agriculture Drive
Madison WI 53718-6777
PO Box 8911
Madison WI 53708-8911