



State of Wisconsin
Governor Tony Evers

Department of Agriculture, Trade and Consumer Protection
Secretary Randy Romanski

VEGETABLE CONTRACTOR **LICENSE APPLICATION INFORMATION**

Wisconsin Statutes Chapter 126 – Wisconsin Administrative Code Chapter ATPC 101

The Vegetable Contractor License Application is to be filled out by a vegetable contractor who contracts with a vegetable producer or a producer agent to procure processing vegetables grown in Wisconsin as required in Wis. Stats. § 126.56. When completing the application read the question carefully, since some questions pertain to fiscal year and others specify license year. Items 1, 2, and 10 on the license fee computation section of the application relate to the most recently completed fiscal year of the licensee; not the license year. Item 11 relates to the amount on the date of the application, as well as unpaid obligations due prior to and after January 31. Items 12, 13, 14, 15 and 16 relate to the license year (February 1 through January 31). Item 1 specifies “total contract obligations (paid and unpaid) for vegetables, grown in Wisconsin, from producers and producer agents, that became payable during the license holder’s most recently completed fiscal year.” Contract obligations are for all processing vegetables grown in Wisconsin, regardless of whether or not you have a written contract with the producer. Therefore, open market/spot purchases need to be included in the contract obligations. ****For item 1 on page 2 of the application, you are to provide an ESTIMATE of the total contract obligations that you will incur in your first 12 month complete fiscal year operating as a vegetable contractor.

The license application is to be completely filled out, signed by an officer, partner or member that is listed on the front of the application or an attachment to the application, otherwise it is not a valid 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. Section 126.56(4) discloses annual license fees and surcharges that apply for operating without a vegetable contractor license and for submitting financial statements and renewal applications late ([see fee & surcharge statement](#)). There is a required annual fund assessment that is paid into an agricultural producer security fund each year, unless you are an exempt contractor (Wis. Stats. § 126.56(2)) or a non-participating potato buyer (Wis. Stats. § 126.595(1)). The annual fund assessment is based on your current ratio, debt to equity ratio and having positive equity. The assessment calculation can be found in Wis. Stats. § 126.60. An assessment fee invoice will be sent when the vegetable contractor license is issued.

You are required to file security before a license is issued if you have negative equity reported on a required financial statement when first licensed.

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Wis. Stats. Section 126.58 Requires the Following:

Annual Financial Statement: Vegetable contractors **are required to file an annual financial statement** with the department **before the department first licenses** the vegetable contractor under Wis. Stats. § 126.56(1), if the vegetable contractor reports more than \$500,000 in contract obligations on their vegetable contractor application.

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

- A vegetable contractor reports no more than \$500,000 in annual contract obligations on their vegetable contractor license application.
- A vegetable contractor pays cash on delivery under all vegetable procurement contracts.
- A vegetable contractor is a producer-owned cooperative that procures vegetables only from its producer owners.
- A vegetable contractor is a processing potato buyer and has elected not to participate in the fund in accordance with Wis. Stats. § 126.595(1).

Failure to file by the 15th day of the 4th month following the close of the vegetable contractor's fiscal year 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. § 126.58(1)(b)]. "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. §126.58(9)]. "*If a vegetable contractor has been in business for less than one year, the vegetable contractor may file an annual financial statement... consisting of a balance sheet and notes.*" [Wis. Stats. § 126.58(6)(b)].

You are not required to file an annual financial statement, if your reported vegetable contract obligations are less than \$500,000. Persons must file a reviewed or an audited financial statement, if their contract obligations are more than \$500,000 and less than or equal to \$7,500,000. They must file an audited financial statement, if annual contract obligations are more than \$7,500,000. [Wis. Stats. § 126.58(3)]. The annual contract obligation is based on the fiscal year not the calendar year or license year.

Under Wis. Stats. § 126.58(6)(c), the vegetable contractor shall include calculations of the vegetable 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. 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 Wis. Stats. § 126.60. The assessment will be determined for a full year as required in Wis. Stats. § 126.60(6)(c) when the financial statement is received and the license application is completed. You will then receive an invoice for that assessment.

Optional Non-participation for Potato Buyers: A processing potato buyer who purchases processing potatoes and no other processing vegetables from Wisconsin growers may elect not to participate in the agricultural producer security fund (fund).

*Wis. Stats. Section 126.595, requires a vegetable contractor that elects not to participate in the fund to notify the department in writing by January 31st of each year, or, for a new processing potato buyer, at the time of application for its first license that the vegetable contractor elects not to participate in the fund. **This notification should be provided by answering ‘Yes’, if appropriate, to both questions under line item 7 in the fee computation section on the application.** Those processing potato buyers electing not to participate in the fund must also sign and submit to the department’s offices in Madison, Wisconsin the [‘Certification for Potato Processors who Elect not to Participate’](#) form. Producers selling potatoes to nonparticipating processing potato buyers will not be eligible for payment from the fund on any default claim. Those processing potato buyers electing not to participate are exempt from filing annual financial statements with our department and from contributing to the fund. A processing potato buyer that elects not to participate in the fund is required to pay the lesser of \$25 plus 8.75 cents for each \$100 in contract obligations reported under Wis. Stats. § 126.56(9)(a) or \$2,000. An additional \$25 for the nonrefundable license processing fee is required for either method used to determine the nonparticipation fees. The license fee computation will be either the total of lines 3 through 5 on the application, or \$2,025.00, whichever is less.*

Resuming participation after electing not to participate in the Fund Wis. Stats. § 126.595(2):

A processing potato buyer that elects not to participate in the fund and either decides, or is required, to participate in the fund because the potato buyer ceases to meet the requirements in the certification form filed with the department, will be required to file security of at least 75 percent of the largest amount of unpaid contract obligations that the potato buyer had at any time during the last completed fiscal year. The department may not release the security until the potato buyer has participated in the fund for two continuous complete license years. A potato buyer that decides, or is required, to participate in the fund shall begin contributing to the fund at the beginning of its 2nd complete license year of participation, except that this requirement does not apply to a processing potato buyer that is disqualified under Wis. Stats. § 126.59(2).

A nonparticipating vegetable contractor that fails to file ‘notification’ not to participate in the fund by January 31st, will be required to resume participation in the fund. This would result in a requirement that the contractor file security, begin paying assessments, and may require the filing of annual financial statements.

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

This section applies if there is common ownership in the producer, or producer agent, and in the vegetable 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. The reduced contractor obligation amount will be used to determine the assessment amount. 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.**

PLEASE RETURN THE APPLICATION COMPLETELY FILLED OUT WITH THE APPROPRIATE FEES / SURCHARGES (check or money order, payable to DATCP).

Send application and applicable fees to:

Wisconsin Department of Agriculture, Trade and Consumer Protection
Producer Security Section – Vegetable Contractor
PO Box 93479
Milwaukee, WI 53293-0479

To Preserve Confidentiality: DO NOT enclose any financial statement with this application.

A financial statement may be required if you report more than \$500,000 of obligations. See page 2 of this memo;

Please send financial statements, security and additional correspondences to:

Wisconsin Department of Agriculture, Trade and Consumer Protection
Producer Security Section - Vegetable Contractor
PO Box 8911
Madison, WI 53708-8911

If you have any questions regarding the renewal license application, please feel free to contact Scott Manthey at (608) 224-4966 or Eric Hanson at (608) 224-4968. Thank you.