

Senate Fiscal Agency
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SFA

BILL ANALYSIS

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House Bill 5434 (Substitute H-2 as reported without amendment)

Sponsor: Representative Tom Meyer

House Committee: Agriculture and Resource Management

Senate Committee: Farming, Agribusiness and Food Systems

CONTENT

The bill would amend the Grain Dealers Act to do all of the following:

- Increase the minimum allowable net asset requirement to obtain a grain dealer's license from \$20,000 to \$50,000.
- Increase license fees from a range of \$125-\$400 to \$150-\$450.
- Permit the Michigan Department of Agriculture to review the books of grain dealers and apply for an injunction against anyone who acted as a grain dealer without a license.
- Permit the Director of the Department to administer oaths and issue subpoenas in connection with investigations or hearings under the Act.
- Permit acknowledgment forms to be used as price later agreements under certain conditions.

- Establish liquidation priorities for grain dealers who became insolvent.
- Provide for administrative fines, ranging from \$50 to \$10,000, against licensees who violated the Act.
- Increase criminal fines for violations of the Act.
- Require grain merchandisers and farm produce truckers to secure a \$100,000 bond before they could be licensed.

MCL 285.62 et. al

Legislative Analyst: Claire Layman

FISCAL IMPACT

The bill would increase State revenues associated with the proposed fee changes. Initially, the estimated revenue increase would be \$14,000 or about 21%. The actual revenue impact would be based on grain dealer volume, which is unknown at this time. The bill's provision allowing the Michigan Department of Agriculture to adjust the fee schedule every three years (to reflect the cumulative annual percentage change in the Detroit Consumer Price Index) would provide additional revenue above the projected \$14,000, if the fees were adjusted in three years. The current fee revenue is used to support the Grain Dealers Section within the Department. This section consists of 4.5 positions and is funded in fiscal year 2001-02 at \$263,000 Gross \$197,000 General Fund/General Purpose. Currently, approximately \$66,000 in grain dealer fees is collected by the Michigan Department of Agriculture and used to support the Grain Dealers Section.

In addition to the fee revenue, the bill would result in administrative fine revenue. These fines would be applied in addition to any other penalty provided by law. The amount of fine revenue would be contingent on the number of violations, the costs of investigation, and the economic benefit associated with a violation, which are unknown at this time. This revenue would be dedicated to the Grain Dealers Fees Fund to support the Grain Dealers Section.

The bill's provision increasing the maximum criminal fine from \$10,000 to \$20,000 for certain violations of the Act could result in additional revenue for local libraries. The actual impact of this increase is unknown.

Date Completed: 2-26-02

Fiscal Analyst: Craig Thiel