

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5434 (Substitute H-2 as passed by the House)
Sponsor: Representative Tom Meyer
House Committee: Agriculture and Resource Management
Senate Committee: Farming, Agribusiness and Food Systems

Date Completed: 2-20-02

CONTENT

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

- **Increase the minimum allowable net asset requirements 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 (MDA) 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-\$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.**

Grain Dealer

The bill would define "grain dealer" as a person engaged in the business of receiving, buying, exchanging, selling, or storing farm produce in this State. The term would include a farm produce trucker, grain merchandiser, or processor. The term would not include a person solely engaged in one of the following:

- Selling farm produce produced by the person.
- Buying farm produce in a cash sale to feed the person's livestock or poultry.
- Buying farm produce in a cash sale, if the person handled less than 30,000 bushels of farm produce in the preceding and current fiscal year.
- Purchasing farm produce from a person other than the grower or producer of the farm produce in a cash sale.
- Contracting for land or services to produce seed for sowing or propagation.

The Act defines "farm produce" as dry edible beans, soy beans, small grains, cereal grains, corn, grass seeds, hay, and legume seeds in a raw or natural state, produced or grown for storage or purchase by a person. The bill would delete grass seeds, hay, and legume seeds in a raw or natural state produced or grown for storage or purchase by a person.

"Cash sale" would mean a sale in which the title to farm produce was transferred only after a price was decided on before or at the time of delivery, and payment for the farm produce met either one of the following: payment of the price was made to the depositor in cash or by check, money order, wire transfer, or draft within 10 days of delivery; or payment of the price was made by placing the amount of the price in the depositor's account and a credit statement was sent to the depositor within 10 days of delivery. (The Act does not specify a time frame for payment after delivery, or include payment credited to the depositor's account.)

The bill would define "depositor" as either a person who delivered farm produce to a licensed grain dealer for storage, processing,

shipment, or sale and had title to the produce at the time of delivery; or a person who owned or was the legal holder of an acknowledgment for or warehouse receipt issued by a licensed grain dealer for farm produce. The bill would define "processing" as drying, cleaning, packaging, or otherwise changing the physical characteristics of farm produce.

Licensing

The Act requires any person seeking to act as a grain dealer to obtain a license. Failure to obtain a license is a misdemeanor, and every day of operating without a license is a separate offense.

Under the bill, the MDA could issue, renew, or amend a grain dealer's license. The Department could refuse to issue or renew a license to a grain dealer unless the dealer met at least one of the following at the time of application:

- Had allowable net assets of more than \$1,000,000.
- Had allowable net assets of \$50,000 or more and handled 500,000 or fewer bushels of farm produce in the grain dealer's most recent fiscal year.
- Had allowable net assets of \$50,000 or more, and the allowable net assets equaled or exceeded the product of 10 cents multiplied by the number of bushels of farm produce handled by the grain dealer in the dealer's most recent completed fiscal year.

Currently, a dealer must have allowable net assets of \$20,000 or more.

Under the bill, if a grain dealer failed to meet any of the allowable net asset requirements, the MDA could issue or renew the license if the dealer provided the Department with a negotiable bond or trust deposit, acceptable to the MDA and of which the MDA would be the sole beneficiary, in the amount the dealer was short. The Act allows a grain dealer to provide an irrevocable letter of credit issued by a financial institution equal to the amount that would otherwise be required for a bond.

The bill would permit the Director, if he or she had probable cause to believe that a person was acting or offering to act as a grain dealer without a license, to review the books and records relating to the operations of that person. The bill would define "review", with

respect to a financial statement, as performing inquiry and analytical procedures that would provide an accountant with a reasonable basis for expressing limited assurance that there were no material modifications that should be made to the statement for it to conform with generally accepted accounting principles.

Application

Under the Act, a grain dealer must file an application for a new license with the Department. The bill also would require dealers to apply to the Department for a renewal license or amended license.

Under the bill, a complete application would have to contain all of the following:

- The name and ownership interest of each owner, stockholder, member, or partner of the grain dealer who owned at least 5% of the shares, other than publicly traded shares, or other ownership interest of the grain dealer; of, if the dealer were under a parent corporation, at least 5% of the shares, other than publically traded shares, or other ownership interests of the parent corporation.
- The location and storage capacity of each facility of the grain dealer.
- Proof of insurance for all farm produce stored at each facility of the dealer.
- A statement that the applicant or management was not a principal in a receivership or insolvency proceeding that resulted in losses to creditors or depositors; that the applicant or management had not pleaded guilty or been convicted of any felony involving fraud, conversion, or embezzlement; and that the applicant's license under the U.S. Warehouse Act was not revoked or canceled due to a violation of that Act. If any of these events had occurred, the applicant would have to describe them in the application.
- A statement of the total bushels of farm produce handled by the dealer during the dealer's most recent completed fiscal year.
- If the grain dealer's most recent completed fiscal year were for a period of less than 12 months, or the grain dealer materially changed its farm produce handling practices in that fiscal year, a projection of the total bushels of produce the dealer would expect to handle in the current fiscal year.
- Copies of all warehouse receipt forms, price later agreement forms, and acknowledgment forms used by the grain

dealer.
 -- Copies of all of the grain dealer's facility lease agreements and bin charts.

The application also would have to include a written appointment of a statutory agent upon whom process could be served, if the grain dealer did not maintain an office in the State and did not have a resident agent in the State. The agent would have to be an individual residing in Michigan, or a corporation whose principal place of business was located in Michigan. If the identity or address of the statutory agent were to change while the application was pending or after a license was issued, the grain dealer would have within three days to file with the MDA a written appointment of the new statutory agent or a written notice of the new address, as applicable.

The bill specifies that, by submitting an application, a grain dealer would consent to inspection and auditing of its produce and financial records and its operations by the Department.

License Fees and Fund

Under the Act, a grain dealer must pay a license fee to the Department with an application for a license or license renewal. The bill would increase the fees, from the current range of \$125 to \$400, to a range of \$150 to \$450. The bill also would add a grain merchandiser's license fee of \$450. (Currently, a grain merchandiser, who buys and sells grain without a storage facility, is classified as a grain dealer and pays a \$125 fee). Table 1 and Table 2, below, show a comparison of fees, based on total bushel capacity for each receiving point of the grain dealer. ("Receiving point" would mean a facility where farm produce was received, weighed, and stored and an acknowledgment form was issued.)

Table 1
 Current Fees

Less than 50,000	\$125
50,000-100,000	\$150
100,000-200,000	\$200
200,000-300,000	\$270
300,000-400,000	\$325
400,000-500,000	\$375
500,000 +	\$400

Table 2
 Proposed Fees

Less than 100,000	\$150
100,000-200,000	\$225
200,000-300,000	\$300
300,000-400,000	\$375
400,000 +	\$450

In addition, the bill would increase the licensing fees for each additional farm produce trucker by \$50. (Currently the fee for the first vehicle is \$200, and each additional vehicle is \$50. The bill would increase the additional vehicle fee to \$100).

Under the bill, the Department could adjust the proposed fee schedule every three years by an amount determined by the State Treasurer to reflect the cumulative annual percentage change in the Detroit Consumer Price Index over the three-year period. Such adjustments could not exceed 5%, even if the amount determined by the Treasurer were more than 5%.

The bill would create the "Grain Dealers Fees Fund", and require the MDA to deposit all license fees and administrative fines received under the Act in the Fund. Money remaining the Fund would not revert or be credited to the General Fund at the close of the fiscal year, but would have to remain in the Grain Dealers Fees Fund.

Financial Statement

The Act requires a grain dealer to include, with the dealer's application for a license or renewal, a financial statement for the dealer's most recent fiscal year. Under the Act, the fiscal year ends 12 months after the expiration date; under the bill, the most recent fiscal year would end six months after the expiration date of the license. In addition, the bill would require the financial statement to be prepared by a certified public accountant (CPA).

Further, the bill would require that, if the required financial statement reflected that the grain dealer had an asset-to-liability ratio of less than one to one during the preceding fiscal year, the licensee would have to include with the application a plan and timetable to increase the current ratio to one to one or more.

Under the bill, if the financial statement were of the licensee's parent corporation, or if it were a consolidated financial statement of the licensee and its parent corporation, the application would have to include a declaration of liability signed by an authorized representative of the parent corporation, by which the corporation assumed all financial obligations incurred by the licensee during the term of the license.

License Revocation

The bill would permit the MDA to revoke or refuse to issue or renew a license, or require a fidelity bond in an amount and on terms determined by the Department, if any of the following occurred within the five years before the date of the license application:

- The applicant, a manager employed by the applicant, or any other individual with management responsibilities for the farm produce handling business of the applicant was a principal in a grain dealer receivership or insolvency proceeding that resulted in losses to creditors or depositors.
- The applicant, a manager employed by the applicant, or any other individual with management responsibilities for the farm produce handling business of the applicant pleaded guilty or was convicted of any felony involving fraud, conversion, or embezzlement.
- The applicant's license under the United States Warehouse Act was revoked or canceled due to a violation of that Act.

"Revocation" would mean the removal of a grain dealer's license under the Act in accordance with the Administrative Procedures Act. The term would not include a suspension of a grain dealer's license under the Grain Dealers Act.

Temporary Facilities

The bill would define "temporary facility" as a facility that did not have a receiving point and was used by a licensee to store farm produce.

Under the bill, a grain dealer who used a temporary facility would have to report to the Department on a daily position report (which would have to include information about the

grain dealer's operations, including the quantity of each type of farm produce in inventory, the total dollar amount of loans against grain inventory, and other information) the address and bushel capacity of the temporary facility for any period it was in use. The grain dealer would have to give the MDA a copy of the lease agreement and bin charts, if any, for the temporary facility if the dealer had not previously provided them.

The bill provides that a grain dealer using a temporary facility would have to pay an additional license fee (calculated under Table 2) based on the bushel capacity of the temporary facility. The dealer would have to pay the additional license fee to the MDA with the position report for the first month the dealer used the temporary facility.

Insurance

The Act requires a grain dealer to insure all farm produce stored by the dealer against fire, explosion, and tornado, to the extent of its full market value. The bill would retain this provision, and require a grain dealer to reimburse all depositors whose farm produce was destroyed or damaged by fire, explosion, lightning, or windstorm within 10 days after the licensee received payment from an insurer.

Record Disclosure

The bill would permit the MDA Director to require that a grain dealer make its books and records available for audit or inspection.

The bill would exempt financial information and daily position report information from the Freedom of Information Act; however, the Department could disclose this information in the form of an information summary or profile, or as part of a statistical study that included data on more than one grain dealer that would not identify the dealer to whom the specific information applied.

Commingling Produce

The bill would permit a licensed grain dealer to commingle a depositor's farm produce with other fungible farm produce, unless the licensee and depositor had executed a written agreement that required the licensee to keep the depositor's produce separate from other

produce and available for identification and delivery to or as directed by the Director.

Posting Limited Transactions

Under the bill, if a grain dealer wanted to limit the types of farm produce transactions it offered, the dealer would have to post a list of the types of farm produce transactions it offered at a readily visible location in each office or at each scale of the licensee.

Net Positive Accumulated Dollar Value

The bill would prohibit a dealer from borrowing money or holding an outstanding loan balance secured by a farm produce inventory in an amount greater than the net positive accumulated dollar value of farm produce, as reported on its daily position report, at any time.

Daily Position Reports

The Act requires grain dealers to keep a complete and accurate daily position report, including the quantity of farm produce in inventory, the total amount of loans against grain inventory, the quantity of price later agreements and warehouse receipts in other dealers' facilities, outstanding warehouse receipts and price later agreements, and other information. The bill would continue to require dealers to maintain complete and accurate daily position reports. In addition, the bill provides that if a dealer violated this requirement, the dealer could be fined, or the dealer's license could be suspended or revoked. If the violation were an intentional filing of a false daily position report, the dealer would be subject to license revocation and guilty of a felony, punishable by a maximum fine of \$20,000 or imprisonment for a maximum of five years, or both.

Record Retention

The bill would require a grain dealer to keep a complete and accurate set of records and accounts of all transactions pertaining to the operation of each facility. The records would have to include, but not be limited to, records and accounts of all farm produce received in or withdrawn from a facility; all unissued warehouse receipts and acknowledgment forms in the grain dealer's possession; and all issued warehouse receipts and

acknowledgment forms, copies of contracts, and warehouse receipts and acknowledgment forms returned to and settled by the licensee. A dealer would have to retain a paper copy or a copy stored in electronic or other form of a warehouse receipt, acknowledgment form, or other document evidencing ownership of any farm produce or liability as a grain dealer for at least the period that the document was outstanding. If the document had been canceled, the dealer would have to keep it for at least three years from the date of cancellation. A grain dealer would have to retain any other records and the accounts for at least seven years.

Discontinued Operations

Under the bill, if a grain dealer intended to discontinue its farm produce handling business at or before the dealer's license expired, the dealer would have to provide notice of intent to the Director, each person storing farm produce in the dealer's facility, and each known holder of a warehouse receipt, acknowledgment form, or open storage or price later agreement issued by the dealer. The dealer would have to provide notice at least 30 days before the date the dealer intended to discontinue the business, and send the notice by registered or certified mail. If the holder of a receipt, form, or open storage or price later agreement were not known, the dealer would have to publish the notice in a newspaper or general circulation in each county in which a facility was located.

Acknowledgment Forms

The bill would define "acknowledgment form" as a scale weight ticket, a load slip, or any other evidence of deposit issued by a grain dealer or a dealer's authorized representative to a depositor that identified the farm produce being transferred from the possession of the depositor to the possession of the grain dealer.

The Act requires grain dealers to acknowledge receipt of farm produce by issuing an acknowledgment form to the depositor. Under the bill, the acknowledgment form could be used as a price later agreement, if the depositor and dealer were not parties to a prior written agreement governing title and delivery of the farm produce. The dealer would have to provide a copy of the

acknowledgment form to the depositor at the time the produce was delivered to the dealer.

Under the bill, an acknowledgment form would have to contain the name and address of the grain dealer; the date of transfer, weight, and type of farm produce deposited; and a statement that unless the parties agreed to another disposition within 30 days of the delivery to the grain dealer, the farm produce transaction would be a price later agreement transaction.

The bill provides that farm produce delivered to a grain dealer would be in open storage, and the responsibilities of the grain dealer and depositor under an acknowledgment form would be the same as if a nonnegotiable warehouse receipt had been issued for the farm produce, unless either the form satisfied the requirements applicable to a price later agreement and was signed by the depositor and dealer; or the produce was sold for a set price at the time of delivery to the dealer or another disposition occurred.

Under the bill, if a grain dealer obtained farm produce from a depositor and the farm produce were not being delivered to a facility of the grain dealer, the dealer would have to issue a temporary acknowledgment form identify the estimated quantity, type of farm produce, grain dealer's name and address, and the name of the driver of the transporting vehicle.

A grain dealer would have to record the disposition of the farm produce on the acknowledgment form unless the dealer provided other settlement documentation referring to the acknowledgment form.

Warehouse Receipts

The bill would define "warehouse receipt" as a written or electronically transmitted receipt issued by the dealer to a depositor at the time the dealer accepted farm produce for storage. A warehouse receipt would be either a negotiable warehouse receipt if it stated that the grain dealer would deliver the produce to the bearer of the receipt or to the order of a person named in the receipt; or a nonnegotiable warehouse receipt if it did not satisfy the first requirement.

The Act requires a grain dealer to issue, within 30 days after delivery, a warehouse receipt to the owner of the farm produce stored in a warehouse. The bill would require a dealer to issue a warehouse receipt only if dealer and depositor agreed on doing so.

Under the bill, a warehouse receipt issued for farm produce identified and stored separately would have to describe the storage location of the produce. A dealer could issue a collateral warehouse receipt only against farm produce owned and unencumbered by the dealer at the time of issuance. A "collateral warehouse receipt" would be a warehouse receipt issued to a financial institution by a grain dealer for unencumbered grain owned by that grain dealer.

Substitute Warehouse Receipts and Acknowledgment Forms

The bill provides that, if a warehouse receipt or acknowledgment form issued under the Act were outstanding by the grain dealer who issued it, the dealer would be prohibited from issuing another warehouse receipt or acknowledgment form for all or any part of that farm produce except as provided below.

If a warehouse receipt or acknowledgment form were lost, stolen, or destroyed, the holder of the receipt or form would be entitled to a substitute. If a substitute warehouse receipt or acknowledgment form were issued, it would have the same legal effect as the original receipt or form, and the issuance of the substitute would cancel the original. A substitute warehouse receipt or acknowledgment form would have to state the number and date of the receipt or form; contain a notarized statement by the holder that the original was lost, stolen, or destroyed; and contain a notarized statement of the holder and grain dealer that the substitute receipt or form contained the same terms and was issued to replace the original. If the lost, stolen, or destroyed instrument were a negotiable warehouse receipt, the holder would have to provide the dealer with a lost instrument bond in an amount equal to two times the current market value of the farm produce covered by that warehouse receipt, in a form prescribed by the Department from a surety authorized to conduct business in the State.

Price Later Agreements

The bill would define "price later agreement" as a written or electronically transmitted agreement between a depositor and a grain dealer, in which the dealer received title to farm produce and the depositor retained the option to price the farm produce after delivery based on conditions in the agreement.

Under the bill, if there were no other disposition within 30 days after the delivery of farm produce to a grain dealer, the farm produce transaction would be a price later agreement transaction.

The bill provides that the form and content of a price later agreement would have to be approved by the Department. The price later agreement would have to contain blank lines or spaces for inserting the all of the following information, statements, and provisions, as applicable:

- The date of receipt of the farm produce.
- The grain dealer's handling charge rates and the calculation of the depositor's charges.
- The net weight, type, and grade factors of the farm produce.
- The signature of the dealer or the dealer's authorized agent.
- The name and address of the depositor.
- The signature of the depositor, or, if signed by an authorized agent of the depositor, the name and signature of the depositor's authorized agent. This requirement would not apply if there were no other disposition within 30 days after the delivery of farm produce to a grain dealer.

Penalties

Currently, a person who knowingly violates the Act is guilty of a misdemeanor, in addition to the penalty provided elsewhere in the Act. A grain hauler who fails or neglects to present a seller of farm produce with the completed record form or who fails to pay for any type of farm produce by cash or check at the time of delivery is guilty of a misdemeanor punishable by a fine between \$2,000 and \$5,000, or imprisonment for up to 90 days, or both. The bill would delete the grain hauler penalty.

Under the bill, a person who violated the Act would be guilty of a misdemeanor and would be liable for all damages sustained by a depositor for farm produce handled in violation of the Act. In an enforcement action,

a court could order restitution to a party injured by the handling of farm produce in violation of the Act, in addition to any other penalty provided by law. A grain dealer who violated the Act or a rule promulgated under it would be guilty of a misdemeanor punishable by a maximum fine of \$5,000 for each offense.

The Act provides that a person who intentionally alters, destroys, or falsifies documents required under the Act; issues a second or other warehouse receipt or agreement for farm produce, with intent to defraud; sells or transfers produce without the consent of the holder and while a valid warehouse receipt is in force; or knowingly receives farm produce from such a person is guilty of a felony punishable by a maximum fine of \$10,000 or imprisonment for up to five years, or both. The bill would increase the maximum fine to \$20,000 but retain the rest of the provisions.

Administrative Fines

The bill provides that, in addition to any other penalty provided by a law, a person who individually, or by the action of his or her agent or employee, or as the employee or agent of another, violated the Act or a rule promulgated under it would be subject to an administrative fine, plus actual costs of the investigation and the amount of any economic benefit associated with the violation. Specifically, a first violation would result in a fine between \$50 and \$1,000, a second violation within two years from the date of the first would be punishable by an amount between \$100 and \$5,000, and a third violation within two years from the first, a fine between \$500 and \$10,000.

The Director would have to conduct a hearing pursuant to the Administrative Procedures Act, if the person assessed a fine requested one.

If the Director found that a violation had occurred despite the exercise of due care, the Director could issue a warning instead of imposing a fine.

Liquidation Procedures

The bill states that, if a grain dealer failed, the Director would have to take possession of, liquidate, and distribute the assets and proceeds of the assets in a prescribed priority to claimants on a pro rata basis. (The bill would define "failure" of a grain dealer to

mean either inability of a licensee or grain dealer to financially satisfy claimants; or a public declaration of insolvency by a licensee or grain dealer. "Claimant" would mean a person to whom a grain dealer owed a financial obligation for farm produce, or who was entitled to the farm produce delivered to the dealer or the proceeds of the produce.)

Those claimants who possessed either warehouse receipts for farm produce stored by the grain dealer, or acknowledgment forms or written evidence of ownership other than warehouse receipts that disclosed a storage obligation of the dealer, would hold first priority over assets. If a claimant had surrendered warehouse receipts to the dealer as part of a farm produce transaction but were not fully paid for the produce within 21 days after the surrender, that claimant also would hold first priority.

If assets or proceeds of assets remained after all claims described above were satisfied, second priority claimants would be those who possessed a price later agreement. Third priority would go to those claimants who possessed acknowledgment forms, similar forms of farm produce delivery contracts, or other written evidence of the sale of farm produce and who completed delivery and pricing of the produce within 30 days prior to the dealer's failure. Fourth priority claimants would be those who possessed written evidence of the sale of farm produce to the grain dealer. If any assets remained, the grain dealer would be entitled to them.

The Director could reduce the amount of a claim to reflect the liabilities owed to the dealer by the claimant.

Surety Bonds

Under the bill, before a license was issued to a grain dealer other than a grain merchandiser or farm produce trucker, the dealer would have to provide the MDA with a bond that secured only the dealer's warehouse receipts and open storage transactions. The amount of the bond would be \$15,000 for the first 10,000 bushels of storage capacity of the dealer's facility used for open storage and storage under warehouse receipts, plus \$5,000 for each additional 10,000 bushel capacity, or fraction of that capacity, used for open storage and storage under warehouse receipts other than collateral warehouse receipts. (The bill would define "open storage" as the storage of farm produce for 30 days or

less under an acknowledgment form that did not designate a specific transaction type.) The Act requires grain dealers to provide bonds in the same amount for the same bushel capacity, but does not require a bond for open storage.

The bill would prohibit holders of collateral warehouse receipts or warehouse receipts issued in the name of the grain dealer from recovering against a dealer's bond.

Merchandiser and Farm Produce Trucker Bond

The bill would require a grain merchandiser or farm produce trucker to provide the MDA with a bond in the amount of \$100,000 before the merchandiser or trucker could be issued a license. Further, the bill would require that such a bond secure the faithful performance of the merchandiser's or trucker's obligations in any farm produce transaction outstanding on or after the effective date of the bond, and outstanding at the time the license of the merchandiser or trucker was revoked or the bond was canceled, whichever came first.

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.

Fiscal Analyst: Craig Thiel

S0102\5434sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.