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Senate Bill 887 (as introduced 1-11-12)  
Sponsor: Senator Mike Green  
Committee: Appropriations

Date Completed: 1-24-12

**CONTENT**

The bill would amend the Grain Dealers Act, which regulates the storage, warehousing, and sale of certain farm produce and provides for the licensure and bonding of grain dealers. The bill would raise annual grain dealer license fees from a current range of \$158 to \$483 to a range from \$500 to \$1,000 per license. The bill also would repeal a bond requirement for grain dealers.

License fee increases for grain dealers are shown in the following table.

|  | Current<br>Fee <sup>1</sup> | SB 887  |
|--|-----------------------------|---------|
| Grain dealer with total bushel capacity of 100,000 or less                 | \$156                       | \$500   |
| Grain dealer with total bushel capacity of greater than 100,000 to 200,000 | \$236                       | \$625   |
| Grain dealer with total bushel capacity of greater than 200,000 to 300,000 | \$315                       | \$750   |
| Grain dealer with total bushel capacity of greater than 300,000 to 400,000 | \$394                       | \$875   |
| Grain dealer with total bushel capacity of more than 400,000               | \$473                       | \$1,000 |
| Vehicle owned by farm produce trucker:                                     |                             |         |
| One vehicle . . . . .  | \$210                       | \$500   |
| Each additional vehicle . . . . .  | \$105                       | \$200   |
| Grain merchandiser's license   | \$473                       | \$1,000 |

<sup>1</sup>The statutory fees are subject to an annual adjustment based on the percentage change in the Detroit Consumer price index. The table reflects the adjusted fees.

Section 27 of the Act requires a grain dealer (other than a grain merchandiser or a farm produce trucker) to give the Department of Agriculture and Rural Development a bond, or other acceptable security, that secures the grain dealer's warehouse receipts and open storage transactions. The bill would repeal this section.

The bill also would delete a provision under which a grain dealer is not required to have a bond under Section 27 if the dealer meets certain equity and asset-to-liability ratios.

MCL 285.68

**FISCAL IMPACT**

The bill would provide an estimated additional \$100,000 in State restricted revenue annually to the Michigan Department of Agriculture and Rural Development (MDARD) in support of its

statutory authority (under the Grain Dealers Act) to provide financial regulatory oversight of grain dealers and measures to verify grain inventories under the Producer Security Program.

Currently, the MDARD regulatory effort is provided by one financial manager, one auditor, one regulation agent, and one departmental technician. The FY 2011-12 appropriated budget for this program is \$490,000, which is supported by \$190,000 in State restricted revenue from the Grain Dealer's Fees Fund and \$300,000 in GF/GP revenue. Any new restricted funds contributed to the budget of the program under the provisions of this bill could be used to offset current expenditures of State GF/GP revenue.

Fiscal Analyst: Bruce Baker

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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.