

Legislative Analysis



GRAIN DEALERS ACT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bills 509 and 510 as passed the Senate

Sponsor: Sen. Mary Cavanagh

Committee: Appropriations

Complete to 10-9-2023

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bills 509 and 510 would respectively amend sections 7 and 6 of the Grain Dealers Act (1939 PA 41) to extend the time provided to the Michigan Department of Agriculture and Rural Development (MDARD) to issue or deny an initial or renewal license under the act. Currently, the department has not more than 30 days after it receives a complete application from an applicant. Under the bills, it would have not more than 60 days after that time.

[Senate Bills 509 and 510 are identical to House Bills 4998 and 4999, respectively.]

MCL 285.67 (SB 509)

MCL 285.66 (SB 510)

BACKGROUND:

The Grain Dealers Act was enacted in response to grain elevator bankruptcies in the period preceding the Great Depression. When grain elevators go bankrupt, farmers (producers) may not be paid and may not be able to reclaim the grain they have on deposit. The situation is very much like a run on a bank; there are more depositors asking for payment than the bank has cash on hand. Under authority of the Grain Dealers Act, MDARD provides financial regulatory oversight, including audits of grain dealers for financial solvency and measures to attest grain inventory.

MDARD representatives indicate that the increase in the period the department is provided to issue or deny an application is necessary to give applicants additional time to provide a reviewed or audited financial statement prepared by a certified public accountant, as required by section 9 of the act.

FISCAL IMPACT:

The bills would not have a direct fiscal impact on state or local government.

Fiscal Analyst: William E. Hamilton

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