

Legislative Analysis



AGRICULTURAL COMMODITY REPORT REQUIREMENTS

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Senate Bill 691 (S-1) as reported from House committee
Sponsor: Sen. Sam Singh
House Committee: Agriculture
Senate Committee: Natural Resources and Agriculture
Complete to 5-20-24

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

(Enacted as Public Act 60 of 2024)

SUMMARY:

Senate Bill 691 would amend the Agricultural Commodities Marketing Act to change the monetary threshold at which a *committee* created and operating under the act is required to be audited annually, and it would also modify how often a committee below that threshold must be audited.

Committee means the commodity committee or advisory board established under a marketing program established by order of the director of the Michigan Department of Agriculture and Rural Development (MDARD) under the act prescribing rules and regulations governing the marketing for processing, distributing, selling, or handling an agricultural commodity produced in Michigan or agricultural commodity input during a specified period.

Currently, all committees must be audited at least annually, unless they have annual assets of \$50,000 or less over a three-year average. If so, then they must be audited twice between referenda, which take place every five years. The bill changes this threshold to provide that, if a committee collects annual producer assessments of \$40,000 or less, averaged over three years, then the committee must be audited once in the second or third year between referenda.

Additionally, under current law, committees that are under the threshold must undergo a financial review in the years an audit is not conducted. The bill would eliminate the financial review requirement bill.

Finally, the bill also would add language specifying that nothing in act's audit provisions prevents MDARD from conducting oversight activities authorized by the act.

MCL 290.658

BACKGROUND:

When a referendum is conducted, producers in that commodity group decide whether to continue a marketing program checkoff assessment, which provides the funds for marketing that commodity. (This is separate from a federal checkoff program, which is not subject to referendum under the act if certain criteria are met).

The following commodity groups are currently organized under the Agricultural Commodities Marketing Act:

- Michigan Apple Committee.

- Michigan Asparagus Marketing Advisory Board.
- Michigan Blueberry Commission.
- Michigan Carrot Commission.
- Michigan Cherry Committee.
- Michigan Corn Marketing Program Committee.
- Michigan Dairy Marketing Program Committee.
- Michigan Onion Committee.
- Michigan Soybean Committee.
- Michigan Tree Fruit Commission.
- Michigan Wheat Promotion Committee.

BRIEF DISCUSSION:

The bill would affect two commodity groups in Michigan, those for onions and carrots. According to testimony from the Michigan Vegetable Council, the bill would allow the onion committee to channel the cost of auditing under the current schedule back into other allowed activities. Because the onion committee collects less than \$30,000 in most years, the auditing cost reflects a significant portion of its budget.

FISCAL IMPACT:

The bill would have no direct fiscal impact on the state or local units of government. The funds collected by commodity groups organized under the act are resources of those groups, not state resources. The costs of audits required under the act are borne by the respective commodity groups. By reducing the thresholds for audit requirements, the bill could result in reduced costs to some commodity groups organized under the act.

POSITIONS:

A representative of the Michigan Vegetable Council testified in support of the bill. (5-15-24)

The following entities indicated support for the bill (5-15-24):

- Michigan Department of Agriculture and Rural Development
- Michigan Farm Bureau
- Michigan Carrot Commission

Legislative Analyst: Josh Roesner
Fiscal Analyst: William E. Hamilton

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.