



Senate Fiscal Agency
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Senate Bill 691 (Substitute S-1 as reported)
Sponsor: Senator Sam Singh
Committee: Natural Resources and Agriculture

CONTENT

The bill would amend the Agriculture Commodities Marketing Act to modify auditing requirements for commodity committees. The Act provides for the establishment of agriculture commodity marketing programs which generally promote and research agricultural products in the State and are funded by assessments on affected producers. Marketing programs must establish commodity committees to administer the programs, and the Michigan Department of Agriculture and Rural Development (MDARD) generally has oversight of these committees.¹ All money, assets, and other items of value collected by a marketing program is not State money and must be deposited into a financial institution. Money may only be disbursed under certain conditions and audits must be conducted by a certified public accountant.

Currently, a commodity committee with annual assets of \$50,000 or less based on a three-year average must be audited twice between referenda and have a financial review conducted in the years it was not audited. Instead, under the bill, a committee with annual collected producer assessments of \$40,000 or less, based on a three-year average, would have to be audited once in the second or third year between referenda. The bill specifies that it would not prevent MDARD from conducting oversight activities authorized by the Act.

MCL 290.658

BRIEF RATIONALE

According to testimony before the Senate Committee on Natural Resources and Agriculture, the vegetable industry has the smallest commodity committees, such as the Carrot Commission and Onion Committee. The assessment dollar amounts brought in by these committees are crucial to the financing of marketing and research. Audits are necessary to remain in compliance with the Act but are time consuming and expensive to conduct. It has been suggested that committees that fall under a certain threshold be audited less frequently to reduce the financial burden and time constraints in completing frequent audits.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 3-8-24

Fiscal Analyst: Bruce R. Baker

¹ According to MDARD, there are currently 15 commodity committees, including committees concerned with apples, blueberries, and dairy, among other agricultural products.