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Senate Bill 1273 (Substitute S-3 as reported by the Committee of the Whole)
Sponsor: Senator Leon Stille
Committee: Farming, Agribusiness and Food Systems

CONTENT

The bill would create the "Michigan Organic Products Act" to do the following:

- Prohibit a person from selling or representing an agricultural product as an organic product unless it had been certified.
- Require certification, by a certifying agent, of a producer who sold organic products to the public; a handler; or certain handling operations.
- Exempt from certification or registration requirements handling operations that did not process, produce, or relabel organic products under their own name or for private label; and persons who received and/or sold organic products in their final retail form.
- Require a person who wanted to be a certifying agent to register with the Michigan Department of Agriculture (MDA), pay an annual registration fee, and meet certain certification requirements.
- Require that agricultural products brought into the State that purported to be organic products be registered with the MDA; and require the payment of a registration fee.
- Provide for the registration of a handler and establish a schedule of registration fees based on gross organic sales.
- Require the MDA Director to adopt standards that met or exceeded certain Federal standards or equivalent standards established by a national organic program.
- Create the Organic Advisory Committee within the MDA to assist in the development of organic standards; review and recommend rules governing organic production and handling, review organic product and certifying agent registration programs; and recommend actions to promote organic products.
- Create the "Organic Products Fund" and allow money in the Fund to be used to administer and enforce the proposed Act, and to develop and improve organic training and education programs.
- Require the labeling and advertisement of organic products to comply with standards in the bill and rules.
- Permit the Director to deny, suspend, or revoke a registration for a certifying agent or a handler, and to seize an organic or agricultural product that did not comply with the bill.
- Permit the Director to issue and enforce a stop sale order to prohibit the sale, processing, or movement of an organic or agricultural product determined to violate the bill.
- Establish misdemeanor and felony penalties for persons who violated the bill, and permit the Director to impose an administrative fine for a violation.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would result in increased administrative costs for the Michigan Department of Agriculture associated with the regulation, promotion, and assistance of the organic products industry. The proposed Organic Products Fund would receive all registration fees and administrative fines and penalties collected under the bill. The money in the Fund would be earmarked for the administration and enforcement of the proposed Act. The amount of revenue collected from registration fees would be based on the fee schedule and number of persons applying for registration and paying the required fees. The Department of Agriculture estimates that registration fees would total approximately \$75,000 annually under the proposed fee schedule.

There also would be administrative costs associated with the proposed Organic Advisory Committee created within the Department of Agriculture.

The proposed criminal penalties would have an indeterminate fiscal impact on State and local government. There are no data available to indicate how many offenders could be convicted of violating the proposed Act or the rules promulgated under it. To the extent that an offense would be a misdemeanor, local units of government would receive the fine revenue or incur the costs of incarceration.

Additionally, there are no data available to indicate how many offenders could be convicted of fraudulent practices or knowingly mislabeling products. The felony offenses would have a maximum penalty of four years' incarceration and/or a \$10,000 fine. Assuming that each year one offender was convicted and sentenced to a minimum term of 2.7 years, and served the minimum sentence, given that average annual cost of incarceration is \$22,000, the cost to the State for incarceration would be \$59,400.

Date Completed: 6-8-00

Fiscal Analyst: C. Thiel
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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.