

Legislative Analysis



SUGAR BEET COOPERATIVE LOAN

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House Bill 6122

Sponsor: Rep. Joseph Rivet

Committee: Agriculture and Resource Management

Complete to 9-1-04

A SUMMARY OF HOUSE BILL 6122 AS INTRODUCED 8-4-04

The bill would amend Public Act 105 of 1855, which sets forth certain conditions and limitations on the type of investments the state treasurer may make with surplus funds, to authorize the state treasurer to provide a grant of up to \$5 million in surplus funds to sugar beet growers' cooperatives for the purpose of purchasing the assets of agricultural processors. As a condition to providing the grant, the agricultural processor would have to currently employ at least 300 full-time employees and at least 1,000 seasonal employees. The grant could not exceed 10 percent of the total purchase price.

The bill also permits loans provided to sugar beet growers' cooperatives to purchase the assets of an agricultural processor under Public Act 123 of 2001 to be converted to a grant. [Public Act 123 of 2001 authorized a \$5 million zero interest loan of state surplus funds to Michigan Sugar Beet Growers, Inc. - a cooperative of more than 1,000 sugar beet growers - to assist them in the purchase of Michigan Sugar Company, a subsidiary of Texas-based Imperial Sugar, which had filed for bankruptcy. The \$63.5 million sale was finalized in February 2002.]

Applications for a grant would have to be submitted to the state treasurer prior to January 1, 2006.

MCL 21.142g

FISCAL IMPACT:

This bill would provide as much as \$5.0 million from surplus General Fund/General Purpose revenue for grants to sugar beet grower cooperatives. These funds would be available upon appropriation in the Department of Agriculture budget.

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