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Senate Bill 1396 (as reported without amendment)  
Sponsor: Senator Gerald Van Woerkom  
Committee: Agriculture and Bioeconomy

## **CONTENT**

The bill would amend the Grain Dealers Act to permit the Michigan Department of Agriculture (MDA) to adjust grain dealers' fees annually, rather than every three years. The bill also would repeal a section of the Act that requires a grain dealer to provide a surety bond to the MDA before being licensed.

The Act prohibits a person from acting or offering to act as a grain dealer in the State without a license from the MDA. A grain dealer must pay a license fee to the MDA with an application for a license or license renewal. The fee is based on the total bushel capacity of each receiving point, plus a fee for each vehicle owned by a farm produce trucker, and a fee for a grain merchandiser's license, as applicable.

The Act authorizes the MDA to adjust the fee schedule every three years by an amount determined by the State Treasurer to reflect the cumulative annual percentage change in the Detroit consumer price index (CPI) over that three-year period. The adjustment may not to exceed 5%, and must be rounded to the nearest whole dollar.

The bill would permit the MDA to adjust the fee every year to reflect the annual percentage change in the Detroit CPI over that period, not to exceed 5%. The fee would have to be rounded to the nearest \$5 increment.

The bill also would repeal Section 27 of the Act, which requires a grain dealer (other than a grain merchandiser or farm produce trucker), to provide a bond to the MDA that secures the dealer's warehouse receipts and open storage transactions. The amount of the bond generally must be \$15,000 for the first 10,000 bushels of storage capacity and \$5,000 for each additional 10,000-bushel capacity or fraction of that capacity.

MCL 285.68

Legislative Analyst: Suzanne Lowe

## **FISCAL IMPACT**

The bill would have an indeterminate impact on revenue to the Department of Agriculture from grain dealers' license fees. The bill would allow an adjustment of license fees annually rather than every three years. Whether the bill would result in a potential increase of revenue to the Department cannot be determined at this time, and would depend on the change in the Detroit consumer price index. In recent years, this change has ranged from a negative percentage to about 3%.

Date Completed: 6-29-10

Fiscal Analyst: Bruce Baker