

**SUBSTITUTE FOR  
HOUSE BILL NO. 4988**

A bill to amend 1937 PA 284, entitled  
"An act to prevent the spread of infectious and contagious diseases of livestock; to require persons, associations, partnerships and corporations engaged in the buying, receiving, selling, transporting, exchanging, negotiating, or soliciting sale, resale, exchange or transportation of livestock to be licensed and bonded by the department of agriculture; to keep a producers' proceeds account; to provide for the refusal, suspension or revocation of such licenses; to provide for weighmasters; to provide for the inspection and disinfection of yards, premises and vehicles; and to provide penalties for the violation of this act,"  
by amending section 3 (MCL 287.123), as amended by 2019 PA 86.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 3. (1) A person ~~desiring~~**that wants** to obtain a license  
2           under this act to act as a dealer, broker, agent, or livestock  
3           trucker, or to operate a livestock auction, buying station, or

1 collection point shall submit to the department an application for  
2 a license. The application must state the nature of the business,  
3 the post office address of the applicant, the post office address  
4 at or from which the business is to be conducted, and any  
5 additional contact information. If the applicant desires to operate  
6 a livestock yard where livestock are kept and sold at public or  
7 private sale, the application must include that information. The  
8 application ~~shall~~**must** include additional information as requested  
9 by the director.

10 (2) Except as otherwise provided in this section, until  
11 October 1, ~~2023,~~**2027**, the department shall charge the following  
12 nonrefundable fees for initial and renewal license applications:

- 13 (a) Class I (livestock auction operator)..... \$ 400.00.
- 14 (b) Class II (buying station operator)..... \$ 250.00.
- 15 (c) Class III (dealer/broker/agent/collection point  
16 operator)..... \$ 50.00.
- 17 (d) Class IV (livestock trucker)..... \$ 25.00.

18 (3) Each class of license listed in subsection (2) allows a  
19 person to operate at all classes listed below that class without  
20 requiring additional licensing. The licensee shall provide to the  
21 department a list of all individuals employed by and operating in  
22 license classes under ~~his or her~~**the individual's** license.

23 (4) For each renewal application postmarked or delivered after  
24 October 1 of each year, a late fee of \$10.00 ~~shall~~**must** be imposed  
25 for each business day the application is late. The late fee for a  
26 new application submitted after a person is operating as a class I,  
27 II, III, or IV operation as described in subsection (2) ~~shall be~~**is**  
28 \$10.00 per business day the application is late. The total late fee  
29 ~~shall~~**must** not exceed \$100.00.

1           (5) The department shall deposit administrative and  
2 noncriminal fines received under this act and license or other  
3 administrative fees received under this section into the  
4 agriculture licensing and inspection fees fund created in section 9  
5 of the insect pest and plant disease act, 1931 PA 189, MCL 286.209,  
6 to be used, ~~upon-on~~ appropriation, by the department in  
7 administering and carrying out its duties under this act.

8           (6) A licensee ~~who~~**that** buys or sells livestock by weight  
9 shall employ a weighmaster to do all of the weighing. The  
10 department shall establish the duties, qualifications, and  
11 requirements for registration of weighmasters in the rules  
12 promulgated under section 9.

13           (7) The department must issue an initial or renewal license  
14 under this section not later than 60 days after the applicant  
15 submits a completed application. Receipt of the application is  
16 considered the date the application is received by the department.  
17 If the department considers the application incomplete, the  
18 department shall notify the applicant in writing or electronically,  
19 within 30 days after receipt of the incomplete application,  
20 describing the deficiency and requesting the additional  
21 information. The 60-day period is tolled ~~upon-on~~ notification by  
22 the department of a deficiency until the date the requested  
23 information is received by the department. A determination of  
24 completeness does not operate as an approval of the application for  
25 the license and does not confer eligibility of an applicant  
26 determined otherwise ineligible for issuance of a license.

27           (8) If the department fails to issue or deny a license within  
28 the time required by this section, the department shall return the  
29 license fee and reduce the license fee for the applicant's next

1 renewal application, if any, by 15%. The failure to issue a license  
2 within the time required under this subsection does not allow the  
3 department to otherwise delay the processing of the application,  
4 and that application, ~~upon-on~~ completion, ~~shall-must~~ be placed in  
5 sequence with other completed applications received at that same  
6 time. The department shall not discriminate against an applicant in  
7 the processing of the application based ~~upon-on~~ the fact that the  
8 license fee was refunded or discounted under this subsection.

9 (9) An application for a license or the renewal of a license,  
10 and proof of bonding or other security requirements, must be  
11 submitted to the director on or before October 1 of each year. A  
12 license issued under this section is valid for a period of 1 year  
13 commencing October 1 and ending the following September 30.

14 (10) A person ~~operating-that operates~~ a livestock auction or  
15 buying station must file, with ~~his-or-her-the~~ application for a  
16 license, a surety bond effective during the period for which the  
17 license is issued or other security. The surety bond must be issued  
18 by a surety company registered in this state to indemnify persons  
19 from whom livestock is purchased or for whom livestock is sold. The  
20 surety bond or other security must be in the amount, form, and  
21 sufficiency approved by the director. The amount of the bond or  
22 other security ~~shall-must~~ be equal to the amount of gross dollar  
23 volume of livestock business conducted during the average week of  
24 the previous licensing year by the applicant, but ~~shall-must~~ not be  
25 less than \$1,500.00. If the average gross weekly livestock business  
26 conducted by the applicant during the previous licensing year was  
27 greater than \$25,000.00, the bond ~~shall-must~~ be increased above  
28 \$25,000.00, at the rate of \$1,000.00 for each \$5,000.00 or part  
29 thereof above \$25,000.00 of average gross dollar volume of weekly

1 livestock business conducted during the previous year. A licensee  
2 who owns or operates more than 1 livestock auction or buying  
3 station may file 1 bond in an amount determined by the formula  
4 described in this subsection. A licensee ~~operating~~ **that operates** a  
5 livestock auction or buying station who has filed a surety bond for  
6 the livestock auction or buying station and indemnifies persons  
7 from whom livestock is purchased or for whom livestock is sold in  
8 accordance with the terms of any federal act is exempt from the  
9 bonding requirements of this subsection if the bond is equivalent  
10 in amount to that which would be required by this act. The  
11 department shall be the obligee on the bond for the benefit and  
12 purpose of protecting all persons selling or consigning livestock  
13 to the licensee against the licensee's failure to pay amounts due  
14 on livestock purchased by or consigned to them.

15 (11) A licensee shall keep records and ~~shall furnish, upon on~~  
16 request, information concerning ~~his or her~~ **the licensee's** purchases  
17 and sales as may be required by the director for the purpose of  
18 establishing the amount of bond required under subsection (10). The  
19 director, in establishing the amount of the bond, shall take into  
20 consideration the dollar volume of livestock business and other  
21 information furnished by the licensee. If a licensee did not  
22 operate a livestock auction the previous licensing year, the bond  
23 ~~shall~~ **must** be for an amount established by the director after  
24 consideration of all information available on the probable weekly  
25 gross dollar volume of business to be conducted by the licensee  
26 during the licensing year.

27 (12) If during a licensing year the bond filed by a licensee  
28 becomes less than required by this act because of an increase in  
29 gross dollar volume of livestock sales, or because of a claim

1 outside this state, the director may issue an order requiring the  
2 licensee to file an additional bond to cover the increase in gross  
3 dollar volume of livestock sales. Failure to comply with the orders  
4 of the director is grounds for suspension or revocation of license.  
5 A bond or other security ~~shall~~**must** be conditioned ~~upon~~**on** the  
6 faithful performance of the licensee's duties as a dealer or broker  
7 and on the provisions of law relating to the purchase of livestock  
8 by the licensee and for the payment by the licensee of all  
9 livestock purchased by or consigned to the licensee as a dealer or  
10 broker in livestock. If a bond or other security required under  
11 this act is canceled, the license that is approved under that bond  
12 or other security is considered immediately suspended without  
13 notice. An opportunity for a hearing ~~shall~~**must** be provided to the  
14 licensee under the administrative procedures act of 1969, 1969 PA  
15 306, MCL 24.201 to 24.328.

16 (13) A licensee bonded as required under this act must submit  
17 a notice to the department not later than 60 days before canceling  
18 a bond.

19 (14) A license issued under this section allows the holder to  
20 conduct the business of dealer or broker at or from the place named  
21 in the application. A person engaged in the business of  
22 transporting livestock or negotiating or soliciting the  
23 transportation or transfer of livestock that is not engaged in the  
24 buying, selling, reselling, exchanging, negotiating, or soliciting  
25 the sale, resale, or exchange of livestock must obtain a license  
26 under this section but is not required to comply with the bonding  
27 or other security provisions of this section.

28 (15) A dealer, broker, livestock trucker, or agent shall  
29 notify the director of a change of address within 5 days after that

1 change.

2 (16) A licensee shall report to the director a change in  
3 ownership of a livestock auction within 5 days of that change.

4 (17) A dealer or broker shall file with the director on  
5 January 1 of each year a sworn statement of average weekly sales  
6 and a statement showing the number and species of livestock  
7 purchased and sold during the previous year.

8 (18) As used in this section, "completed application" means an  
9 application complete on its face and submitted with the applicable  
10 licensing fees as well as any other information, records, approval,  
11 security, or similar item required by law or rule of a local unit  
12 of government, a federal agency, or a private entity but not of  
13 another department or agency of this state.

14 (19) Notwithstanding any other provision of this section, the  
15 department shall waive any fee otherwise required under subsection  
16 (2)(c) or (d) if the individual responsible for paying the fee is,  
17 and provides proof satisfactory to the department that ~~he or she~~  
18 **the individual** is, an honorably discharged veteran of the Armed  
19 Forces of the United States.