

**MICHIGAN DEPARTMENT OF AGRICULTURE & RURAL DEVELOPMENT**  
**PRODUCER SECURITY SERVICES SECTION**

**INFORMATION FOR COMPLETING GRAIN DEALER LICENSE APPLICATION**

<b>LICENSE FEE SCHEDULE</b>	
For each receiving point that has a total bushel capacity of:	
100,000 or less	\$158.00
More than 100,000 and 200,000 or less	\$236.00
More than 200,000 and 300,000 or less	\$315.00
More than 300,000 and 400,000 or less	\$394.00
More than 400,000	\$473.00
Grain Merchandiser	\$473.00
<b>GRAIN TRUCKS:</b>	
1 VEHICLE	\$210.00
Each additional vehicle	\$105.00

Sec 8 (1) of the Grain Dealers Act, P.A. 141 of 1939, as amended

**LICENSE APPLICATIONS MUST BE SUBMITTED 30 DAYS BEFORE LICENSE EXPIRATION DATE**

**EACH APPLICATION MUST BE ACCOMPANIED BY  
A FINANCIAL STATEMENT, COPY OF CURRENT BOND AND INSURANCE**

If your financial statement is not done yet, please submit everything else and attach a note that the financial statement will be coming soon (include approximate date).

The financial statement must be prepared in accordance with generally accepted accounting principles and not less in scope than a review. A Certified Public Accountant must prepare the financial statement. Information required includes a balance sheet, income statement, and notes and disclosures.

**TEMPORARY FACILITIES**

Each temporary facility need only be reported once annually. If temporary facilities are being used at time of licensing, report location and temporary capacity in Section 8 and total of temporary and permanent capacities in Section 9 of the license application and remit the appropriate fee. If temporary facilities are used during the license year, and were not reported on the license application, report the location on the Daily Position Reporting (DPR) form and remit additional fee (if required) with the Daily Position Report (DPR) form. If not previously submitted, include a copy of the lease agreement and bin charts, if any, for the temporary facility.

**BOND – GRAIN DEALER FACILITY**

A grain dealer who is a bailee of farm produce or who issues warehouse receipts and open storage produce shall be required to submit a sufficient bond on a form provided by the director, unless the grain dealer meets the requirements for the exemption in Section 8(4) see next page). Bond form GD-122 is available at [www.michigan.gov/graindealers](http://www.michigan.gov/graindealers) . Section 27 of the Grain Dealers Act requires the bond to run to the Department of Agriculture & Rural Development with sufficient surety conditioned for the faithful performance of the duties of a grain dealer and compliance with all laws of this state relating thereto. The bond shall be based on the following facility capacities used for the storage of farm produce: \$15,000 bond for the first 10,000 bushels stored plus \$5,000 for each additional 10,000 bushels or fraction thereof. A dealer owning two or more storage facilities may furnish a blanket surety bond equal to the sum of the requirements for the individual locations. The bond shall show the address and capacity of each original grain dealer's bond (if required) and must accompany the license application.

Sec 27 of the Grain Dealers Act, P.A. 141 of 1939, as amended

### **BOND – GRAIN DEALER FACILITY EXEMPTION**

Notwithstanding section 27(1), grain dealers that file an audited financial statement that complies with Section 9 and that reports a current asset to current liability ratio of 1.2 to 1 and an equity ratio (equity/(total liabilities + equity)) of 0.25 or greater are not required to have a bond as required by section 27(1).

Sec 8 (4) of the Grain Dealers Act, P.A. 141 of 1939, as amended

### **BOND – GRAIN MERCHANDISER/TRUCKER**

The amount of the bond shall be \$100,000 and shall secure the faithful performance of the grain merchandiser or farm produce trucker of his or her obligations in any farm produce transaction.

Sec 28 of the Grain Dealers Act, P.A. 141 of 1939, as amended

### **NET WORTH REQUIREMENT**

A grain dealer shall not be issued a license unless one of the following is met:

- a) The grain dealer has allowable net assets of more than \$1,000,000.
- b) The grain dealer has allowable net assets of \$50,000 or more and handled 500,000 or fewer bushels of farm produce in the grain dealer's most recent fiscal year
- c) The grain dealer has allowable net assets of \$50,000 or more and the allowable net assets equal or exceed the product of 10 cents multiplied by the number of bushels of farm produce handled by the grain dealer in the grain dealer's most recent completed fiscal year

Sec 3 of the Grain Dealers Act, P.A. 141 of 1939, as amended

### **SUBMISSION OF FORMS USED IN GRAIN TRANSACTIONS**

Attach to the application one copy of the scale ticket, warehouse receipt, price later agreement or other forms proposed to be used in grain transactions. Retain one copy for your files. If all current forms are currently on file with the Department, no submission is necessary.

### **DAILY POSITION REPORTING FORMS (DPR)**

During the first 10 days of each month, all licensees are required to submit a Daily Position Report (DPR) for the previous month. Licensees may use the Department approved Daily Position Reporting forms available from the Marketing and Communications Division of the Michigan Department of Agriculture & Rural Development. Reports must be submitted whether or not there is any farm produce activity during the month. **Failure to submit monthly DPR forms on a timely basis may result in a fine, suspension, or revocation of the grain dealer's license.**

Sec 15 of the Grain Dealers Act, P.A. 141 of 1939, as amended

- ❑ License applications **must be submitted 30 days** before license expiration date
- ❑ **A FINANCIAL STATEMENT (or note that it will be coming) AND COPY OF BOND AND INSURANCE MUST ACCOMPANY EACH APPLICATION (if applicable)**
- ❑ Make check payable to **STATE OF MICHIGAN**
- ❑ For license application, instructions and bond forms go [www.michigan.gov/graindealers](http://www.michigan.gov/graindealers)
- ❑ Any questions should be directed to Jeff Haarer, Manager, Producer Security Services Section, at 517-241-2865; email address: [haarerj@michigan.gov](mailto:haarerj@michigan.gov)
- ❑ Return application and payment to:

Michigan Department of Agriculture & Rural Development  
Producer Security Services Section  
PO Box 30776  
Lansing MI 48909