RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF AGRICULTURE
AND RURAL DEVELOPMENT

JAMIE CLOVER ADAMS
DIRECTOR

July 6, 2016

TO ALL MICHIGAN GRAIN DEALERS:

Governor Rick Snyder recently signed legislation (Public Acts 899 and 900 of 2016) amending the Grain Dealers Act and the Farm Produce Insurance Act to improve producer security protection while providing a level playing field for grain dealers. Main provisions of the legislation (effective July 5, 2016, unless noted) are:

- PA 899 amends the Grain Dealers Act to establish a priority for producers and lenders for farm produce, effective at the time of the delivery of the farm produce for sale or storage under a bailment agreement, or when funds are advanced by the lender, and shall terminate when the liability of the grain dealer to the claimant is discharged. **There is a one-year phase in**.

- PA 899 amends the Grain Dealers Act by extending the 10 cents per bushel requirement to an unlimited net allowable asset requirement. In the prior Act, if a grain dealer reported 15 million in producer bushels handled for the prior fiscal year, the Grain Dealers Act required the grain dealer to have $1 million (ceiling) in allowable net assets. PA 899 would require the Grain Dealer to have 10 cents per bushel or $1.5 million in allowable net assets. PA 899 also increases the minimum allowable net assets for grain dealers from $50,000 to $100,000.

- PA 899 amends the Grain Dealers Act by requiring a financial statement to include a statement or a letter from the certified public accountant that he or she acknowledges that the Michigan Department of Agriculture and Rural Development relies on the financial statement in determining whether the grain dealer met the allowable net asset requirement in Section 3 (3) of Grain Dealer Act', MCL 285.63(3).

- PA 900 amends the Farm Produce Insurance Act to require a producer to pay producer premiums until the Farm Produce Insurance Authority Board certified that the Farm Produce Insurance Fund contains more than $10.0 million, instead of $5.0 million. Thus, the reinstated Program Assessment of 0.002 will continue to be assessed in combination with the Administrative Premium Assessment of fifteen-thousandths percent (0.00015) for a total FPIA Assessment of **0.00215** until the Fund reaches $10 million.

- PA 900 also requires a producer to file a claim with the Farm Produce Insurance Authority within 18 months of the date that the title of farm produce transferred from the producer to grain dealer. Prior to the amendment, there was a 24-month period of eligibility to file a claim once title transferred.

For a copy of PA 899 and 900, go to http://legislature.mi.gov/doc.aspx?2016-SB-0899 and http://legislature.mi.gov/doc.aspx?2016-SB-0900 or please visit our website at www.michigan.gov/graindealers. If you have any questions, please contact me at 517-284-5642 or haarerj@michigan.gov. Thank you for your cooperation.

Sincerely,

Jeff G. Haarer, FPIA Administrator
Producer Security and Ag Products

JGH/hct