



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF AGRICULTURE
AND RURAL DEVELOPMENT

KEITH CREAGH
DIRECTOR

May 31, 2012

TO ALL MICHIGAN GRAIN DEALERS:

On May 30, 2012, legislation signed by Governor Rick Snyder (Public Acts 887 and 888 of 2012, immediate effect) updating the Michigan Grain Dealers Act, PA 141 of 1939, as amended, and the Farm Produce Insurance Act, PA 198 of 2003, as amended, went into effect. The legislation is available at www.michigan.gov/graindealers.

The legislation will increase restricted revenue for the Michigan Department of Agriculture and Rural Development (Department) Producer Security Program by approximately \$300,000. Approximately, of that, \$100,000 is from increased licensing fees, and \$200,000 in Farm Producer Insurance Fund assessments. This revenue is necessary to recover the loss of general fund revenue that is no longer appropriated for the program. Governor Snyder's office stated that the legislation ensures sufficient funds for producer security programs, without reliance on general fund dollars.

In addition to the new fee structure, Senate Bill 887 would reduce bailment bond costs by eliminating warehouse, grain bank, and open storage bond requirements. Key provisions of the Grain Dealers Act legislation, which may impact your daily operations include:

- 1) Sec. 8. (1) A grain dealer shall pay a license fee to the department with an application for a license or renewal of a license. The license fee is the sum of all of the following that apply to the grain dealer:
 - (a) For each receiving point of the grain dealer that has total bushel capacity of:
 - (i) 100,000 or less.....\$ 500.00
 - (ii) More than 100,000 and 200,000 or less.....\$ 625.00
 - (iii) More than 200,000 and 300,000 or less.....\$ 750.00
 - (iv) More than 300,000 and 400,000 or.....\$ 875.00
 - (v) More than 400,000.....\$ 1,000.00
 - (b) For vehicles owned by a farm produce trucker:
 - (i) For 1 vehicle.....\$ 500.00
 - (ii) For each additional vehicle.....\$ 200.00
 - (c) For a grain merchandiser's license.....\$ 1,000.00

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- 2) Section 8(5) and Section 27 are repealed, which would drop the requirement for a warehouse, grain bank, or open storage bond under the Grain Dealers Act. Bond requirements for truckers, merchandisers, and deficiency bonds for net allowable asset requirements have not changed.

Key provisions of the Farm Produce Insurance Act, which may impact your daily operations include:

- 1) Section 10 (2) allows the Farm Produce Insurance Authority board to initiate an administrative premium assessment on the net proceeds from all farm produce sold by a producer to a grain dealer beginning in calendar year 2013. The premium is to be calculated as a percentage of the net proceeds from all farm produce sold and would have to reflect the board's determination of the amount of funds needed to reimburse the Department for producer security activities.
- 2) Section 10 (4) A grain dealer licensee will be required to deduct the premium from the proceeds when purchasing farm produce, and forward premium collections to the Authority for deposit in the Farm Produce Insurance Fund within 30 days of the close of each calendar year quarter. The licensee will be required to keep a record of these premium collections for at least three years and the Department would be required to verify their accuracy. A grain producer that had paid an administrative premium may request and receive a refund of that premium, but in doing so would become ineligible for participation in the insurance program.
- 3) Section 10 (5) If the board established, adjusted, or eliminated an administrative premium for a calendar year, the board is required to notify the Department in writing of that action at least 120 days before January 1 of that year, and the Department by first class mail shall notify each licensee of the requirements at least 90 days before January 1 of that Calendar Year.

If you have any questions, please contact Jeff Haarer at (517) 241-2865 or haarerj@michigan.gov.

Sincerely,



Gina Alessandri, Director
Pesticide and Plant Pest Management Division