



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF AGRICULTURE
AND RURAL DEVELOPMENT

JAMIE CLOVER ADAMS
DIRECTOR

September 17, 2012

TO ALL MICHIGAN GRAIN DEALERS:

On May 30, 2012, legislation signed by Governor Rick Snyder (Public Acts 888 of 2012, immediate effect) updating the Farm Produce Insurance Act (FPIA), PA 198 of 2003, as amended, went into effect.

A key provision of the FPIA amendment, under section 10(2), allows the Farm Produce Insurance Authority board (Authority) 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 assessment is to be calculated as a percentage of the net proceeds from all farm produce sold. It will reflect the board's determination of the amount of funds needed to reimburse Michigan Department of Agriculture and Rural Development (Department) for producer security administration costs.

On June 27, 2012 the Authority established an administrative premium assessment of fifteen thousandths percent (.00015) from the net proceeds of all farm produce sold to begin on January 1, 2013. For example on \$100,000 of farm produce sold the administrative assessment would be \$15.

Section 10 (4) of the FPIA requires a licensee to deduct the administrative premium from the net 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.

Go to www.michigan.gov/graindealers for a copy of the legislation. Please contact Jeff Haarer at (517) 241-2865 or haarerj@michigan.gov, if you have any questions.

Sincerely,

Gina Alessandri, Director
Pesticide and Plant Pest Management Division