



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF AGRICULTURE  
AND RURAL DEVELOPMENT

JAMIE CLOVER ADAMS  
DIRECTOR

August 14, 2017

TO ALL MICHIGAN GRAIN DEALERS:

On June 26, 2016, Governor Rick Snyder signed legislation (Public Acts 263 and 264 of 2016) amending the Grain Dealers Act (MCL 285.61) and the Farm Produce Insurance Act (MCL 285.311) to improve producer security protection while providing a level playing field for grain dealers. Main provisions of the legislation went into effect on September 26, 2016; however, there are a couple of dates to keep in mind as you move forward:

- PA 263 amended 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. **The one-year phase-in period ends on September 26, 2017.** The Michigan Department of Agriculture and Rural Development (MDARD) recommends that you have a discussion with your financial institution regarding the changes in priority for producers holding price later agreements. Financial institutions that hold collateral warehouse receipts will still have priority over holders of price later agreements.
- PA 263 amended the Grain Dealers Act by requiring a financial statement to include a statement or letter from the reviewing 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). MDARD is currently in discussions with the Michigan Association of Certified Public Accountants regarding the definition of "allowable net assets"; thus, implementation of this amendment is still pending.
- As noted in my June 26, 2017, letter, the Farm Produce Insurance Authority (FPIA) Board on June 22, 2017, approved the cessation of the Program Assessment of two-tenths of one percent (0.002) from the net proceeds of all farm produce sold. The FPIA determination was based on projections that the Fund will reach its \$10,000,000 ceiling on or before October 1, 2017. Please continue to collect the Program Assessment of two-tenths of one percent (0.002) until September 30, 2017. Please note that you will continue to collect the Administrative Premium Assessment of fifteen-thousandths percent (0.00015) for a **total FPIA Assessment of 0.00015 going forward from October 1, 2017.**

We will have updated assessment forms with the 0.00015 rate available sometime in September.

For a copy of the legislation, please visit our website at [www.michigan.gov/graindealers](http://www.michigan.gov/graindealers). If you have any questions, please contact me at 517-284-5642 or [haareri@michigan.gov](mailto:haareri@michigan.gov). Thank you for your cooperation.

Sincerely,

Jeff G. Haarer, CPA, JD, Manager  
Producer Security and Ag Products