



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5880 (Substitute S-1 as reported)
Sponsor: Representative Michael L. Green
House Committee: Agriculture and Forestry
Senate Committee: Agriculture and Forestry

CONTENT

The bill would amend the Fluid Milk Act to do the following:

- Specify additional information that license applicants would have to provide to the Department of Agriculture, including the names of persons owning at least 35% of a milk plant's equity; a projection of receipts; a list of producers; and, the name of the financial institution used for issuing milk checks.
- Provide for annual licensure renewal and permit the issuance of a temporary license.
- Provide for the revocation or suspension of a license if a licensee failed to meet certain requirements, including providing a security device as required under the bill, or knowingly provided false information to the Department.
- Provide for financial status monitoring, including requiring audited year end financial statements and verified quarterly statements.
- Specify certain forms of security, such as a commercial surety bond, a certificate of deposit, stocks, and life insurance policies, that a milk plant could provide as a security device.
- Permit the Department to require a milk plant to change or increase a security device if the Department believed that the plant could not meet liquidity requirements or could no longer make payments, or the value of the security device fell below the Act's requirements.
- Require the Department to notify dairy producers any time a license under the Act was issued, renewed, or modified.
- Establish misdemeanor penalties for a person who provided false or fraudulent information on an application or in response to a Department request.

The bill would take effect October 1, 1996.

MCL 288.22 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The Department would incur minimal increased costs for added mailings.

Date Completed: 5-28-96

Fiscal Analyst: A. Rich

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