

POTATO INDUSTRY COMMISSION

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House Bill 4546

Sponsor: Rep. Rick Outman

Committee: Agriculture

Complete to 5-7-13

A SUMMARY OF HOUSE BILL 4546 AS INTRODUCED 4-16-13

The bill would amend the Potato Commission Industry Act (1970 PA 29) to reconfigure the membership of the Potato Industry Commission and alter its assessment structure.

Potato Industry Commission Membership

Currently, the Commission consists of the following members:

- The director of the Department of Agriculture and Rural Development or a person designated from his or her staff (ex officio, without vote).
- A staff member from Michigan State University appointed by the dean of Agriculture (ex officio, without vote).
- Ten growers, two processors, two shippers, and one retailer, all appointed by the Governor.

The bill would amend the membership of the Commission to reflect the following:

- The director of the Department of Agriculture and Rural Development or a designee (ex officio, without vote).
- A staff member from Michigan State University appointed by the dean of the Department of Agriculture and Natural Resources (ex officio, without vote).
- The following members appointed by the Governor:
 - Two individuals representing the seed potato industry.
 - Two individuals representing the fresh potato industry.
 - One individual representing shippers.
 - One individual representing shippers or retailers.
 - One additional member from any of the abovementioned categories.

The bill would also eliminate the requirement that grower members be appointed from geographic districts and that the other members of the Commission have been associated with the potato industry for at least two years prior to appointment.

The bill also clarifies (1) that members appointed by the Governor would serve three-year terms, and (2) the Commission could accept royalties, licensee fees, interest, income, or other items of value that enhance the programs established under the act, in addition to gifts and grants.

Calling of Special Meetings

Under the act, Commission meetings must be called by the chairperson, except for special meetings, which can be called by the chairperson on petition of eight members. The bill would reduce the necessary number of members to call a special meeting to five.

Reapportionment of Members

The bill would eliminate a provision allowing the Commission to reapportion either the number of members or member districts, or both, with the advice and consent of the director and Agriculture Commission.

Assessment Rates

Currently, an assessment of one cent per hundredweight of potatoes grown in Michigan is levied on each particular lot or quantity of potatoes and imposed on each grower and shipper in the state.

The bill would allow the assessment to be set at not more than five and one-half cents per hundredweight for growers with at least 20 acres of land in the production of potatoes, with not more than one and one-half cents per hundredweight being levied on each particular lot or quantity shipped by each shipper in the state. Growers with less than 20 acres in the production of potatoes would be considered in full compliance with the act and could choose to participate in the programs established under the act if they paid an assessment based on production over three of the past five years. The bill would also require the commission to determine assessment rates for the year by July 1st of each year and to notify each grower and shipper of the rates.

The bill would eliminate provisions (1) allowing the Commission to raise the assessment by an additional one-half cent per hundredweight and (2) allowing for an additional assessment to be imposed based on the recommendation of the Commission and the conducting of a referendum under the act.

The bill would also stipulate that assessments could not be increased above the rate assessed on the day this bill takes effect unless authorized by a referendum under the act.

Referendums

Section 8 of the act provides for a referendum vote to be held in order to concur with or terminate an assessment or assessment increase. The bill would require the Department of Agriculture and Rural Development to hold a referendum within 60 days of this bill's effective date and would allow, rather than require, the director to promulgate rules for conducting a referendum.

Under the act, the director must hold a public hearing on a proposed assessment increase if he or she receives a petition for such an increase that is signed by 25%, or 200, of the growers, whichever is less. The bill would eliminate the provision allowing for a minimum of 200 grower signatures, thus requiring petitions for assessment increases to be signed by at least 25% of the growers.

The bill clarifies that referendums are valid for five years. [Every five years, the department has to conduct a referendum at which time growers vote on whether or not the Commission should continue to levy assessments to carry out the requirements of the act.]

FISCAL IMPACT:

A fiscal analysis is in process.

Legislative Analyst: Jeff Stoutenburg
Fiscal Analyst: Susan Frey

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.