

Legislative Analysis



GRAIN DEALERS ACT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bills 4998 and 4999 as introduced

Sponsor: Rep. Denise Mentzer

Committee: Appropriations

Revised 9-19-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bills 4998 and 4999 would respectively amend sections 7 and 6 of the Grain Dealers Act to extend the time provided to the Michigan Department of Agriculture and Rural Development (MDARD) to issue or deny an initial or renewal license under the act. Currently, the department has not more than 30 days after it receives a complete application from an applicant. Under the bills, it would have not more than 60 days after that time.

MCL 285.67 (HB 4998)

MCL 285.66 (HB 4999)

BACKGROUND:

The Grain Dealers Act was enacted in response to grain elevator bankruptcies in the period preceding the Great Depression. When grain elevators go bankrupt, farmers (producers) may not be paid and may not be able to reclaim the grain they have on deposit. The situation is very much like a run on a bank; there are more depositors asking for payment than the bank has cash on hand. Under authority of the Grain Dealers Act, MDARD provides financial regulatory oversight, including audits of grain dealers for financial solvency and measures to attest grain inventory.

MDARD representatives indicate that the increase in the period the department is provided to issue or deny an application is necessary to give applicants additional time to provide a reviewed or audited financial statement prepared by a certified public accountant, as required by section 9 of the act. The requirement that license applications include certified financial statements was added to the act by 2016 PA 264.

FISCAL IMPACT:

The bills would not have a direct fiscal impact on state or local government.

Fiscal Analyst: William E. Hamilton

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