

LIVESTOCK DEALER LICENSE FEE SUNSET EXTENSION

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Senate Bill 450 as passed by the Senate
Sponsor: Sen. Curtis Hertel, Jr.
House Committee: Appropriations
Senate Committee: Appropriations
Complete to 8-29-19

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

SUMMARY:

Senate Bill 450 would amend section 3 of 1937 PA 284, an act that provides for the licensing of livestock dealers. The bill would extend a current sunset date for certain livestock dealer licensing fees. If the sunset is not lifted or extended, authority to collect the fees would end on September 30, 2019. The bill would extend that authority through September 30, 2023.

MCL 287.123

FISCAL IMPACT:

Annual livestock dealer licensing fee revenue is approximately \$21,000. This revenue is credited to the Agriculture Licensing and Inspection Fee Fund, a state restricted fund established in section 9 of the Insect Pest and Plant Disease Act, 1931 PA 189. This fund also receives revenue from a number of different fees associated with regulatory programs administered by the Michigan Department of Agriculture and Rural Development (MDARD).

BACKGROUND INFORMATION:

1937 PA 284 provides for the licensing of livestock dealers. This licensing requirement has two primary aims. The first is to prevent the spread of infectious and contagious diseases of livestock by regulating the handling and transportation of livestock by livestock dealers. Among other things, the act authorizes MDARD to inspect animals sold or transported by livestock dealers and to inspect livestock dealer records. The licensing requirement also provides security for livestock producers by requiring as a condition of licensure that livestock dealers be bonded. Bonding helps ensure that producers are paid the amounts due for livestock sold by or consigned to livestock dealers.

The department indicates that 100% of livestock auction operators, buying station operators, and dealer/broker/agent/collection point operators are inspected annually, while 25% of Michigan-based livestock truckers are inspected annually. Investigative inspections may be complaint-driven. MDARD program staffing consists of 1/3 time of a staff veterinarian and a quarter-time of office support staff.

According to the department, direct labor and related fringe benefits of MDARD livestock dealer regulatory activities are approximately \$76,500 per year. Licensing fees currently established under the act (shown in the table below) generate approximately \$21,000 each year—approximately 27% of livestock dealer regulatory program costs. The balance of livestock dealer regulatory program costs is paid for with appropriated state general fund revenue.

<i>Livestock Dealer License Fee Categories</i>		
<i>License Type</i>	<i>Current Fee</i>	<i>Licensees</i>
Class I (livestock auction operator)	\$ 400	21
Class II (buying station operator)	\$ 250	7
Class III (dealer/broker/agent/collection point operator)	\$ 50	109
Class IV (livestock trucker)	\$ 25	116
"Livestock auction," "buying station," "collection point," and "livestock trucker" are defined terms in the act.		Total 253

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