



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 1208 and 1209 (as enrolled)
Senate Bills 1211 and 1214 (as enrolled)
Sponsor: Senator Tony Stamas (S.B. 1208)
Senator Ron Jelinek (S.B. 1209)
Senator Gerald Van Woerkom (S.B. 1211)
Senator Nancy Cassis (S.B. 1214)

Senate Committee: Economic Development, Small Business and Regulatory Reform
House Committee: Agriculture and Resource Management (S.B. 1208, 1211 & 1214)
Commerce (S.B. 1209)

PUBLIC ACTS 277 & 278 of 2004
PUBLIC ACTS 279 & 280 of 2004

Date Completed: 2-4-05

CONTENT

The bills amended various statutes to require the Michigan Department of Agriculture (MDA) to do the following:

- **Issue particular licenses or permits within 90 or 120 days after an applicant files a "completed application".**
- **Notify the applicant within 30 or 40 days after receiving an incomplete application, describing the deficiency and requesting additional information.**
- **Refund the license or permit fee and reduce the fee for the applicant's next renewal application, if any, by 15% if the Department misses the deadline.**
- **Report to the Legislature each year regarding the number of applications received and completed by the deadline; the number denied; the number of applicants not issued a license or permit by the deadline; and the amount of money returned.**

The bills took effect on July 23, 2004.

The bills define "completed application" as an application that is complete on its face and submitted with any applicable licensing or permit fees as well as any other information, records, approval, security, or similar item required by law or rule from a local unit of government, a Federal agency, or a private entity, but not from another department or agency of this State. (Under Senate Bill 1208, under appropriate

circumstances, and under Senate Bill 1214, in the case of an initial application, "completed application" includes the completion of construction or renovation of any facility and the passing of a satisfactory inspection.)

Senate Bill 1208 amended the Grade A Milk Law and applies to licenses or permits for regulated activities (other than a Grade A dairy farm or a certified industry farm inspector). Senate Bill 1209 amended the Motor Fuels Quality Act and applies to licenses for gasoline distributors and dealers, and permits for dispensing facilities.

Senate Bill 1211 amended Public Act 284 of 1937, which regulates livestock dealers, and applies to licenses for dealers, brokers, agents, livestock auctions, collecting points/buying stations, and horse auctions. Senate Bill 1214 amended Public Act 287 of 1969, which regulates pet shops and animal control shelters, and applies to licenses for pet shops.

License/Permit Issuance Deadline

Senate Bills 1208, 1211, and 1214 require the MDA to issue initial and renewal licenses or permits within 90 days after an applicant files a completed application. Under Senate Bill 1209, the deadline is 120 days. The bills specify that receipt of the application is considered the date the application is received by any agency or department of the State.

If the MDA considers the application incomplete, the Department must inform the applicant in writing, or make information electronically available, within 30 days, under Senate Bills 1208, 1211, or 1214, or within 40 days under Senate Bill 1209, after receiving the incomplete application. The notice must describe the deficiency and request the additional information. The 90- or 120-day period for issuing a license is tolled (suspended) upon notification by the MDA of a deficiency until the date the Department receives the requested information.

The bills state that the determination of the completeness of an application does not operate as an approval of the application and does not confer eligibility on an applicant determined otherwise ineligible for issuance of a license or permit.

Missed Deadline; Fee Reduction

Under the bills, if the MDA fails to issue or deny a license or permit within the time required, the Department must return the license or permit fee and reduce the fee for the applicant's next renewal application, if any, by 15%.

The bills specify that the failure to issue or deny a license or permit within the time required does not allow the MDA otherwise to delay the processing of the application, and the application, upon completion, must be placed in sequence with other completed applications received at the same time. The MDA may not discriminate against an applicant in the processing of the application based upon the fact that the license or permit fee was refunded or discounted under these provisions.

Report to the Legislature

The bills require the MDA Director to submit a report by December 1 each year, beginning in 2005, to the standing committees and the Appropriations subcommittees of the Senate and the House of Representatives concerned with agriculture, food issues, or motor fuel quality issues, as applicable. The Director must include all of the following information in the report concerning the preceding fiscal year:

- The number of initial and renewal applications the MDA received and completed within the 90- or 120-day time period, as applicable.
- The number of applications denied.
- The number of applicants not issued a license or permit within the required time period and the amount of license or permit fees returned.

MCL 288.503a (S.B. 1208)
290.646 & 290.649i (S.B. 1209)
287.123 (S.B. 1211)
287.334 (S.B. 1214)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills may result in a reduction in State revenue associated with the requirement for the Department to issue a license or permit within 90 days under Senate Bills 1208, 1211, and 1214, or within 120 days under Senate Bill 1209.

At this time, it is unknown how many, if any, license or permit applications will not be renewed within the stated time frame. The maximum amount of lost revenue to the State will equal the total revenue generated by each license or permit fee in a given year, assuming the Department does not meet the deadline for any of the license or permit applications. (The actual fee revenue generated in any given year will depend on the number of individuals applying for a license or permit and whether the MDA issues the license or permit.) Future revenue also may be reduced as a result of the 15% license or permit fee discount that will apply to the next license or permit renewal, if the Department fails to meet the deadline in the prior licensing period.

The bills also may result in administrative costs to the State if the Department has to hire additional staff to meet the new 90- or 120-day approval time frame or the 30- or 40-day application review process. The average annual cost of a full-time classified employee is \$67,400.

Senate Bill 1208

The amount of estimated revenue generated by each fee under the bill is described in the table below, which shows fiscal year (FY) 2003-04 revenue estimates.

License or Permit	# of Licensees	\$ Estimate FY '04
1. Milk plant \$175/yr. + \$5 or \$15/farm	1. 28 plants	1. \$17,500
2. Receiving station \$50/yr.	2.	2.
3. Transfer station \$50/yr.	3. } 12	3. } \$600
4. Milk tank truck cleaning facility \$50/yr.	4.	4.
5. Milk transportation company \$20/yr.	5. 123	5. \$2,460
6. Milk tank truck \$10/yr.	6. 516	6. \$5,160
7. Distributor of finished grade A milk products \$50/yr.	7. 12	7. \$600
	8. 4	8. \$200
8. Single service containers \$50/yr.	9. 682	9. \$13,640
9. Hauler/sampler \$40/2 yrs.		

Senate Bill 1209

The maximum amount of lost revenue to the State will be equal to the total revenue generated by the \$100 annual license fee in a given year, assuming the Department does not meet the deadline for any of the license applications. It was estimated that the Department would receive about \$500,000 in license fee revenue in FY 2003-04 under the Motor Fuels Quality Act.

Senate Bill 1211

A failure by the MDA to meet the stated time frame will result in a refund of the license fee (\$400/year for livestock auctions, \$250/year for collection points, \$150/year for horse auctions, and \$50/year for a dealer/broker/agent) paid by the applicant for the current license period.

It was estimated that the MDA would receive about \$25,000 in pet shop license fee revenue in FY 2003-04 under Public Act 284 of 1937.

Senate Bill 1214

The maximum amount of lost revenue to the State will equal the total revenue generated by the license fee (\$200 initial/\$100 renewal) in a given year, assuming the MDA does not meet the deadline for any of the license applications. It was estimated that the Department would receive about \$18,000 in livestock dealer license fee revenue in FY 2003-04 under Public Act 287 of 1969.

Fiscal Analyst: Craig Thiel

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.