



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1208 (Substitute S-1 as reported)

Sponsor: Senator Tony Stamas

Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend the Grade A Milk Law to require the Michigan Department of Agriculture (MDA) to do the following:

- Issue initial and renewal licenses or permits for regulated activities (other than a Grade A dairy farm or a certified industry farm inspector) within 90 days after an applicant filed a "completed application" (as defined by the bill).
- Notify the applicant in writing, or make information electronically available, within 30 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 missed the deadline.
- Report to the Legislature by December 1 each year, beginning in 2005, regarding the number of applications received and completed within the 90-day time period; the number denied; the number of applicants not issued a license or permit within the 90-day period; and the amount of money returned to applicants.

Proposed MCL 288.503a

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill could result in a reduction in State revenue associated with the requirement for the Department to issue a license or permit within 90 days.

At this time, it is unknown how many, if any, license or permit applications would not be renewed within the stated time frame. The maximum amount of lost revenue to the State would equal the total revenue generated by each license or permit fee in a given year, assuming the Department did not meet the deadline for any of the license or permit applications. The amount of estimated revenue generated by each fee under the bill is contained in the table below. (These are fiscal year (FY) 2003-04 revenue estimates and 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 could be reduced as a result of the 15% license or permit fee discount that would apply to the next license or permit renewal, if the Department failed to meet the deadline in the prior licensing period.

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

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. Single service containers \$50/yr.	8. 4	8. \$200
9. Hauler/sampler \$40/2 yrs.	9. 682	9. \$13,640

Date Completed: 6-11-04

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.