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BILL ANALYSIS

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Senate Bill 1211 (Substitute S-1 as reported)

Sponsor: Senator Gerald Van Woerkom

Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend Public Act 284, which regulates livestock dealers, to require the Michigan Department of Agriculture (MDA) to do the following:

- Issue an initial or renewal license for a dealer, broker, agent, livestock auction, collecting point/buying station, or horse auction within 90 days after an applicant filed a "completed application" (as defined in 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 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 within the 90-day period; and the amount of money returned to applicants.

MCL 287.123

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 within 90 days. A failure by the MDA to meet the stated time frame would 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. Future revenue also could be reduced as a result of the 15% license fee discount that would apply to the next license renewal, if the MDA failed to meet the deadline in the prior licensing period.

At this time, it is unknown how many, if any, license applications would not be renewed by the deadline. The maximum amount of lost revenue to the State would be equal to the total revenue generated by each license fee in a given year, assuming the Department did not meet the deadline for any of the license applications. It is estimated that the MDA will receive about \$25,000 in license fee revenue in FY 2003-04 under the Act. (The actual fee revenue generated in any given year will depend on the number of individuals applying for each license and whether the MDA issues a license.)

The bill could result in administrative costs to the State if the MDA 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.

Date Completed: 6-11-04

Fiscal Analyst: Craig Thiel

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.