

MANUFACTURING MILK LAW OF 2001 (EXCERPT)
Act 267 of 2001

288.683 Notice to producers of type of security device used; form; qualifications for dairy plant license.

Sec. 123. The department shall notify producers delivering dairy products to a licensed dairy plant that produces manufactured dairy products of the type of security device used for the benefit of producers and shall notify producers any time a license is issued, renewed, or modified. The notice sent by the department shall substantially conform to the following:

"Michigan law requires dairy plant licensees to demonstrate a reasonable degree of financial responsibility to the Michigan department of agriculture. This act is designed to provide reasonable assurance that producers will be paid for their milk; however, it does not guarantee that producers will be paid. Each producer has some responsibility for determining the credit-worthiness of the dairy plant to which the producer is selling milk. A dairy plant licensee may qualify for a license by doing 1 of the following:

(a) Filing financial statements audited by a certified public accountant with the department demonstrating that the dairy plant meets the minimum liquidity requirement.

(b) Filing security with the department in an amount determined by the department to be the greater of the following:

(1) The value of the greatest milk receipts that the dairy plant received within a consecutive 30-day period during that dairy plant's most recent fiscal year.

(2) The greatest milk receipts that the dairy plant is anticipated to receive during a 30-day period within the licensing period.

(c) _____, (name of dairy plant licensee) is currently licensed on the basis of its audited financial statement meeting the minimum liquidity requirement of a current ratio of at least 1.20 to 1 current assets to current liabilities. The licensee's most recent year-end financial statement audited by the firm of _____ (auditor's name) meets the following minimum liquidity requirement,

(or)

_____ (name of dairy plant licensee) has filed security with the department to secure payment to producers. The maximum amount of security is the amount determined to be the greater of the following:

(1) The value of the greatest milk receipts that the dairy plant received within a consecutive 30-day period during that dairy plant's most recent fiscal year.

(2) The greatest milk receipts that the dairy plant is anticipated to receive within a 30-day period within the licensing period, whichever is greater.

The security filed is in the following form or forms and in the amount of: _____."

History: 2001, Act 267, Eff. Feb. 8, 2002.