



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 1482 (as introduced 11-9-06)  
Sponsor: Senator Jim Barcia  
Committee: Agriculture, Forestry and Tourism

Date Completed: 11-29-06

### **CONTENT**

**The bill would amend the Farm Produce Insurance Act to revise the terms under which the board of the Farm Produce Insurance Authority may grant or deny a participant's claim under the Act.**

The Act requires each producer of farm produce in the State to pay a producer premium of up to 0.2% of the net proceeds from all produce that it sold to a licensed grain dealer in the State. The producer premiums are to be deducted from the sale and transferred to the Farm Produce Insurance Fund, which may be used for payment of valid claims arising from the failure of a licensed grain dealer.

A participant that has paid a producer premium, either directly or through a licensee, may request a refund within 12 months after paying the premium. A producer that receives a refund is not entitled to receive any payment under the Act unless it re-enters the program by submitting a written request that is approved by the board of the Authority.

The Act states that beginning 90 days after the re-entry, a producer that re-enters the farm insurance program is eligible for reimbursement of claims under the program. The bill instead specifies that a producer that re-entered the program would be eligible for reimbursement of claims under the program for failures that occurred at least 90 days after re-entry.

The Act allows the board to deny the payment of a valid claim only under certain circumstances, including that the claimant has engaged in marketing practices that have substantially contributed to the claimant's losses. The bill would remove the term "substantially".

Under the Act, "valid claim" means a claim arising from a failure of a licensee that occurred after the Act's effective date (November 10, 2003), that is found valid by the Department of Agriculture and is approved by the board of directors, less all credits and offsets associated with farm produce sold by a producer to the licensee. The bill would refer to all credits and offsets associated with farm produce sold in this State by a producer to the licensee.

A producer under the Act is a person who owns, rents, leases, or operates a farm on land and who has an interest in and receives all or a part of the proceeds from the sale in Michigan of farm produce produced from the land to a licensed grain dealer. "Licensee" means that term as defined in Section 2 of the Grain Dealers Act, i.e., a grain dealer licensed under that Act.

"Participant" means a producer that has contributed to the Fund and never requested a refund from it, or a producer that has re-entered the program. The bill would remove the requirement that a participant contributed to the Fund.

MCL 285.313 et al.

Legislative Analyst: Curtis Walker

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Debra Hollon