



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



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

House Bill 5509 (as reported without amendment)

Sponsor: Representative Jeff Mayes

House Committee: Agriculture

Senate Committee: Agriculture

CONTENT

The bill would amend the Farm Produce Insurance Act to do the following:

- Allow credits and offsets associated with farm produce to be deducted from a claim under the Act only if the product were sold in this State.
- Require a claim to be denied if the claimant had engaged in marketing practices that contributed, rather than substantially contributed, to the loss.
- Revise the terms under which a producer that reenters the program may receive payment under the Act.
- Remove a requirement that a producer contributed to the Farm Produce Insurance Fund to be considered a participant in the program.

The Act established the Farm Produce Insurance Fund to reimburse an agricultural producer for losses incurred if a grain dealer fails or is unable to pay a claim after the producer has delivered produce to the dealer. Participating producers must pay into the Fund a premium of up to 0.2% of the net proceeds from all produce sold to a licensed grain dealer (a licensee) in the State.

A producer may submit a claim for reimbursement from the Fund if the producer has surrendered warehouse receipts as part of a sale of farm produce to a licensee that failed within 21 days after the surrender of the receipts, and the producer was not fully paid for the produce. If the Michigan Department of Agriculture finds that the claim is valid and the board of the Farm Produce Insurance Authority approves it, the board must pay an amount from 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.

Date Completed: 5-12-08

Fiscal Analyst: Jessica Runnels