

Legislative Analysis



LIVESTOCK DEALERS LICENSING FEES

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House Bill 4400 (enacted as 2015 PA 69)
Sponsor: Rep. Nancy E. Jenkins
Committee: Appropriations
Complete to 7-21-15

Analysis available at
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BRIEF SUMMARY: House Bill 4400 (H-1), enacted as 2015 PA 69, amends Section 3 of Public Act 284 of 1937 (MCL 287.123) to extend the sunset date to October 1, 2019, for livestock dealer licensing fees currently established under the act. If the sunset had not been lifted or extended, authority to collect the fees would have ended on September 30, 2015. The bill as enacted is identical to the H-1 substitute; the enacted bill's effective date is June 11, 2015.

FISCAL IMPACT: The three-year average for livestock dealer fee revenue is approximately \$20,000. This revenue is credited to the Agriculture Licensing and Inspection Fee Fund, a state restricted fund established in Section 9 of the Insect Pest and Plant Disease Act, (1931 PA 189). This fund also receives revenue from a number of different fees associated with regulatory programs administered by the department. The enacted FY 2015-16 MDARD budget (Article I of 2015 PA 84) assumes that the sunset on livestock dealer fees would be lifted or extended; livestock dealer fee revenue is assumed in the enacted budget.

BACKGROUND INFORMATION: Public Act 284 of 1937 provides for the licensing of livestock dealers. This licensing requirement has two primary aims. The first is to prevent the spread of infectious and contagious diseases of livestock by regulating the handling and transportation of livestock by livestock dealers. Among other things, the act authorizes MDARD to inspect animals sold or transported by livestock dealers and to inspect livestock dealer records. The licensing requirement also provides security for livestock producers by requiring as a condition of licensure that livestock dealers be bonded. Bonding helps ensure that producers are paid the amounts due them for livestock sold by or consigned to livestock dealers.

According to the department, direct labor and related fringe benefits costs of MDARD livestock dealer regulatory activities average approximately \$78,500 per year. Licensing fees currently established under the act, as shown below, generate approximately \$20,000 each year – approximately 25% of livestock dealer regulatory program costs. The balance of livestock dealer regulatory program costs are paid for with state General Fund revenue.

<i>License Type</i>	<i>Current Fee</i>	<i>Licensees</i>
Class I (livestock auction operator)	\$ 400.00	20
Class II (buying station operator)	\$ 250.00	8
Class III (dealer/broker/agent/collection point operator)	\$ 50.00	93
Class IV (livestock trucker)	\$ 25.00	107
Note that "livestock auction," "buying station," "collection point," and "livestock trucker" are defined terms in the act.		Total 228

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