

# Legislative Analysis



## LIVESTOCK DEALERS LICENSING FEES

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### House Bill 4400 (H-1) as reported from committee

Sponsor: Rep. Nancy E. Jenkins

Committee: Appropriations

Complete to 4-14-15

Analysis available at  
<http://www.legislature.mi.gov>

**BRIEF SUMMARY:** House Bill 4400 (H-1) would amend 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 is not lifted or extended, authority to collect the fees would end on September 30, 2015. [The H-1 substitute extends the sunset date for four years; the bill as introduced would have lifted the sunset entirely.]

**FISCAL IMPACT:** The three-year average for livestock dealer fee revenue is approximately \$20,000. Unless the current sunset date is lifted or extended, authority to collect livestock dealer license fees will sunset September 30, 2015, although regulatory responsibilities of the Michigan Department of Agriculture and Rural Development (MDARD) under the act would continue. Without fee revenue support, the department could reduce livestock dealer regulatory activities, and/or increase General Fund support. Continued authority to collect these fees is assumed in the Governor's FY 2015-16 budget proposal.

**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>Licenses</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.		<b>Total 228</b>

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