

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

SFA**BILL ANALYSIS**

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

Senate Bill 755 (as enrolled)
Sponsor: Senator Joanne G. Emmons
Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 11-5-99

RATIONALE

Public Act 29 of 1970 created the Potato Industry Commission to foster, develop, and promote the State's potato industry through a number of initiatives, including research, advertising, market expansion, and dissemination of information about the potato market and industry. To accomplish these purposes, the Act requires the Commission to collect and disseminate information on the importance of potatoes in human nutrition; the methods and technology used in the production, transportation, marketing, and grading of potatoes as well as State laws related to these activities; the labeling and packaging of potatoes to protect their identity; and, other information necessary to promote increased consumption of potatoes as well as a better understanding and more efficient cooperation between producers, dealers, and the consuming public. Under the Act, the Commission is required to pay for these activities from funds generated by assessments imposed on potato growers and shippers. Producers of other agricultural commodities grown in the State pay similar assessments to fund marketing programs for their products under the Agricultural Commodities Marketing Act. Public Act 216 of 1996 made several changes to that Act, including an amendment permitting a commodity committee or advisory board established under a marketing program to borrow money in anticipation of receiving assessments, if certain conditions are met. It has been suggested that similar borrowing authority be granted to the Potato Commission.

CONTENT

The bill would amend Public Act 29 of 1970, which provides for the State Potato Industry Commission, to permit the Commission to borrow money in anticipation of receiving assessments from potato growers and shippers, if certain conditions were met.

The bill would require the following: The loan would not be requested or authorized, or not mature, within 90 days before a resubmittal or termination referendum regarding an assessment under the Act;

the loan amount did not exceed 50% of the annual average assessment revenue during the previous three years; the loan repayment period did not exceed the time period during which the assessment was made or during which the assessment could reasonably be expected to be imposed; and, the loan had the prior written consent of the Director of the Department of Agriculture.

Currently, the term of office of an appointed member of the Commission is three years. An appointed member is not eligible to serve more than two three-year terms in succession, after which the member may be reappointed only after a three-year absence. The bill would delete this restriction.

(The Act requires that an assessment of one cent per hundredweight on potatoes grown in the State be levied on each lot or quantity of potatoes and imposed on each grower and shipper in the State. The Commission may, by a majority vote, raise the assessment by as much as an additional one-half cent per hundredweight.)

MCL 290.422

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Potato growers and shippers currently pay a quarterly assessment on their product to fund programs conducted by the Potato Commission to promote and develop the State's potato industry. The bill would allow the Commission to borrow money, under certain conditions, when the Commission did not have enough cash reserves to cover program costs. While Commission officials note that there is no need at this time to borrow money, the bill would give the Commission the same borrowing authority that other commodities groups, established under the Agricultural Commodities Marketing Act, were given under Public Act 216 of

1996. Furthermore, to help maintain the Commission's membership, the bill also would delete current restrictions on the reappointment of Commission members.

Legislative Analyst: L. Arasim

FISCAL IMPACT

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

Fiscal Analyst: P. Graham

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.