

SUBSTITUTE FOR  
SENATE BILL NO. 386

A bill to amend 1937 PA 284, entitled

"An act to prevent the spread of infectious and contagious diseases of livestock; to require persons, associations, partnerships and corporations engaged in the buying, receiving, selling, transporting, exchanging, negotiating, or soliciting sale, resale, exchange or transportation of livestock to be licensed and bonded by the department of agriculture; to keep a producers' proceeds account; to provide for the refusal, suspension or revocation of such licenses; to provide for weighmasters; to provide for the inspection and disinfection of yards, premises and vehicles; and to provide penalties for the violation of this act,"

by amending section 3 (MCL 287.123).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3. (1) ~~Each~~ **A person desiring to act as a** dealer,  
2 broker, or agent ~~engaged in such business for the purposes~~  
3 ~~aforsaid~~ shall file an application with the department for a  
4 license to ~~transact such~~ **engage in that** business. The  
5 application shall state the nature of the business, the  
6 ~~postoffice~~ **post-office** address of the applicant, and the

1 ~~postoffice~~ **post-office** address at or from which the business is  
 2 to be conducted. If the applicant ~~shall~~ **desires to** operate a  
 3 livestock yard where livestock is kept and sold at public or  
 4 private sale, the application shall so state. The application  
 5 may state ~~such~~ additional information as **requested by** the  
 6 director. ~~of agriculture shall require. The application for~~  
 7 ~~license to engage in the business of dealer, broker or agent as~~  
 8 ~~herein defined shall be accompanied by a license fee of \$5.00~~  
 9 ~~payable to the director of agriculture and deposited to the~~  
 10 ~~general fund. When any livestock is purchased or sold by weight,~~  
 11 ~~such licensees~~

12 (2) Beginning October 1, 2003 through September 30, 2007, the  
 13 departments shall charge and collect the following fees for  
 14 initial and renewal license applications, which shall be  
 15 deposited into the general fund:

- 16 (a) Class I (livestock auction)..... \$400.00.
- 17 (b) Class II (collection point/buying station)..... \$250.00.
- 18 (c) Class III (horse auction)..... \$150.00.
- 19 (d) Class IV (dealer/broker/agent)..... \$50.00.

20 (3) Through September 30, 2003 or after September 30, 2007,  
 21 the only fee the department shall charge and collect for the  
 22 issuance and renewal of licenses under this section is a fee of  
 23 \$5.00 for a dealer, broker, or agent license.

24 (4) A licensee who buys or sells livestock by weight shall  
 25 employ a registered weighmaster ~~who shall be required~~ to do all  
 26 the weighing. The duties, qualifications, and requirements for  
 27 registration of weighmasters shall be established by the director

1 ~~of agriculture~~ under ~~the provisions of~~ section 9. ~~of this~~  
2 ~~act.~~

3 (5) The application for ~~such~~ **that** license and bond shall be  
4 ~~made~~ **submitted** to the director ~~of agriculture~~ on or before  
5 October ~~first~~ 1 of each year. Each license issued **under this**  
6 **section** shall be for a period of 1 year commencing October 1 and  
7 ending the following September 30.

8 (6) Each dealer, broker, or agent operating or conducting a  
9 livestock auction shall file with his **or her** application for a  
10 license ~~and for~~ **a surety bond effective during** the period for  
11 which ~~such~~ **the** license ~~shall be~~ **is** issued. ~~a~~ **The** surety  
12 bond **shall be issued** by a surety company registered in ~~the~~ **this**  
13 state ~~of Michigan~~ to indemnify persons from whom livestock is  
14 purchased or for whom livestock is sold ~~;~~ or ~~with such~~  
15 ~~sureties~~ **other security** and in such amounts, form, and  
16 sufficiency as ~~shall be~~ approved by the director. ~~of~~  
17 ~~agriculture.~~ The amount of the bond shall be an amount equal to  
18 the amount of gross dollar volume of livestock business conducted  
19 during the average week of the previous licensing year by the  
20 applicant, but in no case less than \$1,500.00. If the average  
21 gross weekly livestock business conducted by the applicant during  
22 the previous licensing year was greater than \$25,000.00, the bond  
23 shall be increased above \$25,000.00, at the rate of \$1,000.00 for  
24 each \$5,000.00 or part thereof above \$25,000.00 on the average  
25 gross dollar-volume of weekly livestock business conducted during  
26 the previous year. A licensee who owns or operates more than 1  
27 livestock yard or livestock auction may file 1 bond in an amount

1 determined by the ~~foregoing~~ formula **described in this**  
2 **subsection.** Any dealer, broker, or agent operating or conducting  
3 a livestock yard or livestock auction who has filed a surety bond  
4 for ~~such~~ **the** livestock yard or livestock auction ~~which~~ **and**  
5 indemnifies persons from whom livestock is purchased or for whom  
6 livestock is sold in accordance with the terms of any federal act  
7 ~~shall be~~ **is** exempt from the bonding requirements of this  
8 ~~section~~ **subsection** provided the bond is equivalent in amount to  
9 that which would be required by this act. The bond shall be for  
10 a livestock dealer or broker and his **or her** agents in which the  
11 department ~~of agriculture shall be~~ **is** the obligee ~~but which~~  
12 ~~shall be~~ for the benefit and purpose of protecting all persons  
13 selling or consigning livestock to ~~such~~ **the** licensed dealer,  
14 broker, or agent against the licensed dealer's, broker's, or  
15 agent's failure to pay amounts due on livestock purchased by or  
16 consigned to them.

17 (7) Each licensee shall keep ~~such~~ records and shall  
18 furnish, upon request, ~~such~~ information concerning his **or her**  
19 purchases and sales as may be required by the director for the  
20 purpose of establishing the amount of bond required ~~hereunder~~  
21 **under subsection (6).** The director, in fixing the amount of the  
22 bond, shall take into consideration the dollar volume of  
23 livestock business and other information furnished by the  
24 livestock dealer, broker, or his **or her** agent. If a dealer,  
25 broker, or agent did not operate a livestock auction the previous  
26 licensing year, the bond shall be for an amount as shall be  
27 established by the director after ~~his~~ consideration of all

1 information available ~~to him~~ on the probable weekly gross  
2 dollar volume of business ~~which will~~ **to** be conducted by the  
3 dealer, broker, or agent during the licensing year.

4       **(8)** If during any licensing year the bond filed by any  
5 licensee becomes less than required by this act because of an  
6 increase in gross dollar volume of livestock sales, the director  
7 may ~~require~~ **issue an order requiring** the licensee to file an  
8 additional bond to cover the increase in gross dollar volume of  
9 livestock sales. Failure to comply with the orders of the  
10 director ~~shall be reason~~ **is grounds** for suspension or  
11 revocation of license. ~~Such~~ **A** bond shall be conditioned upon  
12 the faithful performance of ~~his~~ **the licensee's** duties as a  
13 dealer and on the provisions of law relating to the purchase of  
14 livestock by ~~such~~ **the** livestock dealer ~~—~~ and for the payment  
15 by ~~said~~ **the** livestock dealer of all livestock purchased by or  
16 consigned to ~~such~~ **the** livestock dealer as a dealer in  
17 livestock. ~~The fees collected by the director of agriculture~~  
18 ~~shall be turned over to the state treasury and shall be credited~~  
19 ~~to the general fund.~~ The said

20       **(9)** **A** license ~~shall entitle~~ **issued under this section**  
21 **allows** the holder ~~thereof~~ to conduct the business of dealer or  
22 broker ~~as defined in this act~~ at or from the place named in the  
23 application. ~~Provided, however, That every business,~~  
24 ~~association, partnership or corporation~~ **A legal entity** engaged  
25 in the business of transporting livestock ~~—~~ or negotiating or  
26 soliciting the transportation or transfer of livestock ~~— and who~~  
27 ~~shall~~ **that is** not ~~be~~ engaged in the buying, selling,

1 reselling, exchanging, ~~or~~ negotiating, or soliciting **the** sale,  
2 resale, or exchange of ~~such~~ livestock ~~, shall be required to~~  
3 **must** obtain ~~the~~ a license ~~provided for in~~ **under** this section  
4 but ~~shall~~ **is** not ~~be~~ required to comply with bonding  
5 provisions of this ~~act~~ **section**.

6 (10) ~~Every~~ **A** dealer, broker, or agent shall keep adequate  
7 records of the producers' proceeds account ~~as defined~~ in  
8 **compliance with** section 3a ~~of this act~~ and of all sales and  
9 purchases for a period of 2 years in ~~such~~ **the** manner ~~as shall~~  
10 ~~be~~ required by the director. ~~of agriculture, and which~~ **The**  
11 records shall be open to **reasonable** inspection by the department.  
12 ~~of agriculture. Any~~

13 (11) **A** dealer, broker, or agent ~~upon change of address~~  
14 shall notify the director of ~~such~~ a change of address within 5  
15 days **after that change**. Any change in ownership of any livestock  
16 auction or market shall be reported to the director within 5 days  
17 by the licensee. Each dealer or broker shall file with the  
18 director on January 1 of each year a sworn statement of average  
19 weekly sales and a statement showing the number and kinds of  
20 livestock purchased and sold during the previous year.