

Act No. 279
Public Acts of 2004
Approved by the Governor
July 22, 2004
Filed with the Secretary of State
July 23, 2004
EFFECTIVE DATE: July 23, 2004

**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2004**

Introduced by Senator Van Woerkom

ENROLLED SENATE BILL No. 1211

AN ACT 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), as amended by 2003 PA 85.

The People of the State of Michigan enact:

Sec. 3. (1) A person desiring to act as a dealer, broker, or agent shall file an application with the department for a license to engage in the business of dealer, broker, or agent. The application shall state the nature of the business, the mailing address of the applicant, and the mailing address at or from which the business is to be conducted. If the applicant desires to operate a livestock yard where livestock is kept and sold at public or private sale, the application shall so state. The application may state additional information as requested by the director.

(2) Subject to subsection (5) and beginning October 1, 2003 through September 30, 2007, the department shall charge and collect the following fees for initial and renewal license applications, which shall be deposited into the general fund:

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

(3) Subject to subsection (5) and through September 30, 2003 or after September 30, 2007, the only fee the department shall charge and collect for the issuance and renewal of licenses under this section is a fee of \$5.00 for a dealer, broker, or agent license.

(4) A licensee who buys or sells livestock by weight shall employ a registered weighmaster to do all the weighing. The duties, qualifications, and requirements for registration of weighmasters shall be established by the director by promulgation of a rule under section 9.

(5) Beginning the effective date of the amendatory act that added this subsection, the department shall issue an initial or renewal dealer, broker, agent, livestock auction, collecting point/buying station, and horse auction license not later than 90 days after the applicant files a completed application. Receipt of the application is considered the date the application is received by any agency or department of the state of Michigan. If the application is considered incomplete by the department, the department shall notify the applicant in writing, or make the information electronically available, within 30 days after receipt of the incomplete application, describing the deficiency and requesting the

additional information. The 90-day period is tolled upon notification by the department of a deficiency until the date the requested information is received by the department. The determination of the completeness of an application does not operate as an approval of the application for the license and does not confer eligibility of an applicant determined otherwise ineligible for issuance of a license.

(6) If the department fails to issue or deny a license within the time required by this section, the department shall return the license fee and shall reduce the license fee for the applicant's next renewal application, if any, by 15%. The failure to issue a license within the time required under this subsection does not allow the department to otherwise delay the processing of the application, and that application, upon completion, shall be placed in sequence with other completed applications received at that same time. The department shall not discriminate against an applicant in the processing of the application based upon the fact that the license fee was refunded or discounted under this subsection.

(7) Beginning October 1, 2005, the director shall submit a report by December 1 of each year to the standing committees and appropriations subcommittees of the senate and house of representatives concerned with agriculture issues. The director shall include all of the following information in the report concerning the preceding fiscal year:

(a) The number of initial and renewal applications the department received and completed within the 90-day time period described in subsection (5).

(b) The number of applications denied.

(c) The number of applicants not issued a license within the 90-day time period and the amount of money returned to licensees and registrants under subsection (6).

(8) The application for that license and bond shall be submitted to the director on or before October 1 of each year. Each license issued under this section shall be for a period of 1 year commencing October 1 and ending the following September 30.

(9) Each dealer, broker, or agent operating or conducting a livestock auction shall file with his or her application for a license a surety bond effective during the period for which the license is issued. The surety bond shall be issued by a surety company registered in this state to indemnify persons from whom livestock is purchased or for whom livestock is sold or other security and in such amounts, form, and sufficiency as approved by the director. The amount of the bond shall be an amount equal to the amount of gross dollar volume of livestock business conducted during the average week of the previous licensing year by the applicant, but in no case less than \$1,500.00. If the average gross weekly livestock business conducted by the applicant during the previous licensing year was greater than \$25,000.00, the bond shall be increased above \$25,000.00, at the rate of \$1,000.00 for each \$5,000.00 or part thereof above \$25,000.00 on the average gross dollar-volume of weekly livestock business conducted during the previous year. A licensee who owns or operates more than 1 livestock yard or livestock auction may file 1 bond in an amount determined by the formula described in this subsection. Any dealer, broker, or agent operating or conducting a livestock yard or livestock auction who has filed a surety bond for the livestock yard or livestock auction and indemnifies persons from whom livestock is purchased or for whom livestock is sold in accordance with the terms of any federal act is exempt from the bonding requirements of this subsection provided the bond is equivalent in amount to that which would be required by this act. The bond shall be for a dealer or broker and his or her agents in which the department is the obligee for the benefit and purpose of protecting all persons selling or consigning livestock to the licensed dealer, broker, or agent against the licensed dealer's, broker's, or agent's failure to pay amounts due on livestock purchased by or consigned to them.

(10) Each licensee shall keep records and shall furnish, upon request, information concerning his or her purchases and sales as may be required by the director for the purpose of establishing the amount of bond required under subsection (9). The director, in fixing the amount of the bond, shall take into consideration the dollar volume of livestock business and other information furnished by the dealer, broker, or his or her agent. If a dealer, broker, or agent did not operate a livestock auction the previous licensing year, the bond shall be for an amount as shall be established by the director after consideration of all information available on the probable weekly gross dollar volume of business to be conducted by the dealer, broker, or agent during the licensing year.

(11) If during any licensing year the bond filed by any licensee becomes less than required by this act because of an increase in gross dollar volume of livestock sales, the director may issue an order requiring the licensee to file an additional bond to cover the increase in gross dollar volume of livestock sales. Failure to comply with the orders of the director is grounds for suspension or revocation of license. A bond shall be conditioned upon the faithful performance of the licensee's duties as a dealer or broker and on the provisions of law relating to the purchase of livestock by the dealer or broker and for the payment by the dealer or broker of all livestock purchased by or consigned to the dealer or broker as a dealer or broker in livestock.

(12) A license issued under this section allows the holder to conduct the business of dealer or broker at or from the place named in the application. A legal entity engaged in the business of transporting livestock or negotiating or soliciting the transportation or transfer of livestock that is not engaged in the buying, selling, reselling, exchanging, negotiating, or soliciting the sale, resale, or exchange of livestock must obtain a license under this section but is not required to comply with bonding provisions of this section.

(13) A dealer, broker, or agent shall keep adequate records of the producers' proceeds account in compliance with section 3a and of all sales and purchases for a period of 2 years in the manner required by the director. The records shall be open to reasonable inspection by the department.

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

(15) As used in this section, "completed application" means an application complete on its face and submitted with any applicable licensing fees as well as any other information, records, approval, security, or similar item required by law or rule from a local unit of government, a federal agency, or a private entity but not from another department or agency of the state of Michigan.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Jay E. Randall

Clerk of the House of Representatives

Approved

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Governor