

## **LIVESTOCK DEALER LICENSE FEE SUNSET EXTENSION**

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**House Bill 4988 (H-1)**  
**Sponsor: Rep. Jasper Martus**  
**Committee: Appropriations**  
**Complete to 9-19-23**

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

### **SUMMARY:**

House Bill 4988 would amend 1937 PA 284, an act that provides for the licensing of livestock dealers, to extend the current sunset (expiration date) for certain livestock dealer licensing fees from October 1, 2023, to October 1, 2027. If the sunset is not lifted or extended, authority to collect the fees will end on October 1, 2023.

MCL 287.123

### **BACKGROUND:**

1937 PA 284 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 livestock diseases by regulating the handling and transportation of livestock by livestock dealers. Among other things, the act authorizes the Michigan Department of Agriculture and Rural Development (MDARD) to inspect animals sold or transported by livestock dealers and to inspect livestock dealer records. The second aim is to provide 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 for livestock sold by or consigned to livestock dealers.

The department indicates that 100% of livestock auction operators and buying station operators are inspected annually. MDARD also has a goal of inspecting 40% of dealer/broker/agent/collection point operators and Michigan-based livestock truckers annually. Investigative inspections may be complaint-driven. MDARD program staffing consists of 1/4 time of a staff veterinarian and 1/5 time of office support staff.

According to the department, direct labor and related fringe benefits of MDARD livestock dealer regulatory activities are approximately \$84,000 per year. Licensing fees currently established under the act (shown in the table below) generate approximately \$23,000 each year—approximately 27% of livestock dealer regulatory program costs. The balance of livestock dealer regulatory program costs are funded with appropriated state general fund revenue.

<i>Livestock Dealer License Fee Categories</i>		
<i>License Type</i>	<i>Current Fee</i>	<i>Licensees</i>
Class I (livestock auction operator)	\$ 400	21
Class II (buying station operator)	\$ 250	5
Class III (dealer/broker/agent/collection point operator)	\$ 50	108
Class IV (livestock trucker)	\$ 25	97
“Livestock auction,” “buying station,” “collection point,” and “livestock trucker” are defined terms in the act. The current fee structure has been in place since October 1, 2012, when established under amending legislation 2012 PA 317.		<b>Total 231</b>

**FISCAL IMPACT:**

Annual livestock dealer licensing fee revenue is approximately \$23,000. [Fee revenue in FY 2021-22 was \$23,600.] 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. This fund receives revenue from a number of different fees associated with various regulatory programs administered by MDARD.

House Bill 4988 is a budget implementation bill. The enacted FY 2023-24 MDARD budget assumes the continued authority to collect this licensing fee. Note that the bill does not increase the fees or otherwise change the fee structure. The bill simply allows for the continued collection of fees after October 1, 2023.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.