

**SUBSTITUTE FOR
SENATE BILL NO. 760**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2015; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of agriculture and rural development for the fiscal year ending September 30, 2015, from the following funds:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

APPROPRIATION SUMMARY

Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	447.0

1	GROSS APPROPRIATION.....	\$	82,596,900
2	Interdepartmental grant revenues:		
3	IDG from LARA (LCC), liquor quality testing fees		216,700
4	IDG from MDEQ, biosolids.....		101,400
5	Total interdepartmental grants and intradepartmental		
6	transfers		318,100
7	ADJUSTED GROSS APPROPRIATION.....	\$	82,278,800
8	Federal revenues:		
9	USDA, multiple grants.....		5,431,400
10	EPA, multiple grants.....		1,000,200
11	HHS-FDA.....		2,438,100
12	Department of interior.....		343,200
13	Total federal revenues.....		9,212,900
14	Special revenue funds:		
15	Total local revenues.....		0
16	Private - slow-the-spread foundation.....		20,700
17	Private - commodity group revenue.....		77,600
18	Total private revenues.....		98,300
19	Agriculture preservation fund.....		599,200
20	Agriculture equine industry development fund.....		3,863,800
21	Animal welfare fund.....		217,400
22	Commodity inspection fees.....		437,100
23	Consumer and industry food safety education fund.....		318,700
24	Dairy and food safety fund.....		3,366,500
25	Freshwater protection fund.....		5,187,200
26	Gasoline inspection and testing fund.....		2,593,700
27	Grain dealer's fee fund.....		606,400

1	Horticulture fund.....	38,300
2	Industry support funds.....	428,400
3	Agriculture licensing and inspection fees.....	4,081,000
4	Migratory labor housing fund.....	164,600
5	Nonretail liquor fees.....	811,700
6	Renewable fuels fund.....	51,800
7	Testing fees.....	288,400
8	Weights and measures regulation fees.....	1,002,200
9	Private forestland enhancement fund.....	35,000
10	Total other state restricted revenues.....	24,091,400
11	State general fund/general purpose.....	\$ 48,876,200
12	State general fund/general purpose schedule:	
13	Ongoing state general fund/general purpose	46,876,200
14	One-time state general fund/general purpose	2,000,000
15	Sec. 102. DEPARTMENTWIDE	
16	Full-time equated unclassified positions.....	6.0
17	Full-time equated classified positions.....	27.0
18	Commissions and boards.....	\$ 23,800
19	Unclassified positions.....	724,700
20	Executive direction--9.0 FTE positions.....	1,392,800
21	Management services--15.0 FTE positions.....	1,065,700
22	Statistical reporting service--1.0 FTE position.....	150,900
23	Emergency management--2.0 FTE positions.....	559,500
24	Accounting service center.....	968,100
25	Building occupancy charges.....	<u>622,500</u>
26	GROSS APPROPRIATION.....	\$ 5,508,000
27	Appropriated from:	

1	Federal revenues:		
2	HHS-FDA.....		282,600
3	Special revenue funds:		
4	Private - commodity group revenue.....		77,600
5	Agriculture preservation fund.....		15,000
6	Freshwater protection fund.....		22,200
7	Industry support funds.....		53,500
8	Agriculture licensing and inspection fees.....		112,100
9	Nonretail liquor fees.....		27,800
10	State general fund/general purpose.....	\$	4,917,200
11	Sec. 103. INFORMATION AND TECHNOLOGY		
12	Information technology services and projects.....	\$	<u>1,460,000</u>
13	GROSS APPROPRIATION.....	\$	1,460,000
14	Appropriated from:		
15	Interdepartmental grant revenues:		
16	IDG from LARA (LCC), liquor quality testing fees.....		3,200
17	Special revenue funds:		
18	Agriculture preservation fund.....		200
19	Agriculture equine industry development fund.....		84,800
20	Freshwater protection fund.....		100
21	Gasoline inspection testing fund.....		31,400
22	Agriculture licensing and inspection fees.....		32,400
23	Nonretail liquor fees.....		500
24	State general fund/general purpose.....	\$	1,307,400
25	Sec. 104. FOOD AND DAIRY		
26	Full-time equated classified positions.....		113.0
27	Food safety and quality assurance--83.0 FTE positions	\$	12,378,200

1	Milk safety and quality assurance--30.0 FTE positions	<u>4,219,200</u>
2	GROSS APPROPRIATION.....	\$ 16,597,400
3	Appropriated from:	
4	Federal revenues:	
5	USDA, multiple grants.....	134,200
6	HHS-FDA.....	1,175,800
7	Special revenues funds:	
8	Consumer and industry food safety education fund.....	318,700
9	Dairy and food safety fund.....	3,366,500
10	State general fund/general purpose.....	\$ 11,602,200
11	Sec. 105. ANIMAL INDUSTRY	
12	Full-time equated classified positions.....	60.0
13	Animal disease prevention and response--60.0 FTE	
14	positions	\$ 8,836,600
15	Indemnification--livestock depredation.....	<u>50,000</u>
16	GROSS APPROPRIATION.....	\$ 8,886,600
17	Appropriated from:	
18	Federal revenues:	
19	USDA, multiple grants.....	519,500
20	HHS-FDA.....	45,900
21	Special revenue funds:	
22	Animal welfare fund.....	217,400
23	Agriculture licensing and inspection fees	40,400
24	State general fund/general purpose.....	\$ 8,063,400
25	Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT	
26	Full-time equated classified positions.....	86.0
27	Pesticide and plant pest management--81.0 FTE	

1	positions	\$	12,181,800
2	Producer security/grain dealers--5.0 FTE positions ...		<u>646,700</u>
3	GROSS APPROPRIATION.....	\$	12,828,500
4	Appropriated from:		
5	Federal revenues:		
6	USDA, multiple grants.....		832,100
7	EPA, multiple grants.....		525,700
8	Department of interior.....		222,600
9	HHS-FDA.....		320,700
10	Special revenue funds:		
11	Private - slow-the-spread foundation.....		20,700
12	Commodity inspection fees.....		437,100
13	Freshwater protection fund.....		151,900
14	Grain dealers fee fund.....		606,400
15	Horticulture fund.....		38,300
16	Industry support funds.....		243,000
17	Agriculture licensing and inspection fees.....		3,818,700
18	State general fund/general purpose.....	\$	5,611,300
19	Sec. 107. ENVIRONMENTAL STEWARDSHIP		
20	Full-time equated classified positions.....		55.0
21	Environmental stewardship - Michigan agriculture		
22	environmental assurance program--23.0 FTE positions.	\$	7,704,000
23	Farmland and open space preservation--7.0 FTE		
24	positions		584,000
25	Qualified forest program--9.0 FTE positions.....		2,535,000
26	Commercial forestry audit program.....		150,000
27	Local conservation districts.....		100

1	Migrant labor housing--9.0 FTE positions	1,214,300
2	Right-to-farm--3.0 FTE positions	569,000
3	Intercounty drain--4.0 FTE positions	<u>475,100</u>
4	GROSS APPROPRIATION.....	\$ 13,231,500
5	Appropriated from:	
6	Interdepartmental grant revenues:	
7	IDG from MDEQ, biosolids	101,400
8	Federal revenues:	
9	USDA, multiple grants	917,000
10	Department of interior	120,600
11	EPA, multiple grants	305,600
12	Special revenue funds:	
13	Agriculture preservation fund	584,000
14	Freshwater protection fund	5,013,000
15	Private forestland enhancement fund	35,000
16	Migratory labor housing fund	164,600
17	State general fund/general purpose	\$ 5,990,300
18	Sec. 108. LABORATORY PROGRAM	
19	Full-time equated classified positions.....	91.0
20	Laboratory services--36.0 FTE positions	\$ 5,409,200
21	USDA monitoring--13.0 FTE positions	1,598,600
22	Consumer protection program--41.0 FTE positions	5,831,100
23	Engine oil inspection and enforcement--1.0 FTE position	<u>190,000</u>
24	GROSS APPROPRIATION.....	\$ 13,028,900
25	Appropriated from:	
26	Interdepartmental grant revenues:	
27	IDG from LARA (LCC), liquor quality testing fees	213,500

1	Federal revenues:		
2	USDA, multiple grants.....		1,599,500
3	EPA, multiple grants.....		168,900
4	HHS-FDA.....		613,100
5	Special revenue funds:		
6	Agriculture equine industry development fund.....		611,700
7	Gasoline inspection and testing fund.....		2,562,300
8	Agriculture licensing and inspection fees.....		77,400
9	Renewable fuels fund.....		51,800
10	Testing fees.....		288,400
11	Weights and measures regulation fees.....		1,002,200
12	State general fund/general purpose.....	\$	5,840,100
13	Sec. 109. AGRICULTURAL DEVELOPMENT		
14	Full-time equated classified positions..... 14.0		
15	Agricultural development--11.0 FTE positions.....	\$	2,728,600
16	Grape and wine program--3.0 FTE positions.....		808,500
17	Food and agriculture industry growth initiative.....		1,000,000
18	Rural development value-added grants.....		<u>1,050,000</u>
19	GROSS APPROPRIATION.....	\$	5,587,100
20	Appropriated from:		
21	Federal revenues:		
22	USDA, multiple grants.....		1,429,100
23	Special revenue funds:		
24	Industry support funds.....		131,900
25	Nonretail liquor fees.....		783,400
26	State general fund/general purpose.....	\$	3,242,700
27	Sec. 110. FAIRS AND EXPOSITIONS		

1	Full-time equated classified position.....	1.0		
2	Fairs and racing--1.0 FTE position.....		\$	356,700
3	County fairs capital improvement grants.....			301,600
4	Purses and supplements - fairs/licensed tracks.....			708,300
5	Licensed tracks - light horse racing.....			40,300
6	Light horse racing - breeders' awards.....			20,000
7	Standardbred breeders' awards.....			285,900
8	Standardbred purses and supplements - licensed tracks			527,800
9	Standardbred sire stakes.....			239,000
10	Thoroughbred supplements - licensed tracks.....			385,900
11	Thoroughbred breeders' awards.....			358,600
12	Thoroughbred sire stakes.....			<u>244,800</u>
13	GROSS APPROPRIATION.....		\$	3,468,900
14	Appropriated from:			
15	Special revenue funds:			
16	Agriculture equine industry development fund.....			3,167,300
17	State general fund/general purpose.....		\$	301,600
18	Sec. 111. ONE-TIME BASIS ONLY APPROPRIATIONS			
19	Food and agriculture industry growth initiative.....		\$	<u>2,000,000</u>
20	GROSS APPROPRIATION.....		\$	2,000,000
21	Appropriated from:			
22	State general fund/general purpose.....		\$	2,000,000

23 PART 2

24 PROVISIONS CONCERNING APPROPRIATIONS

25 FOR FISCAL YEAR 2014-2015

1 **GENERAL SECTIONS**

2 Sec. 201. Pursuant to section 30 of article IX of the state
3 constitution of 1963, total state spending from state resources
4 under part 1 for fiscal year 2014-2015 is \$72,967,600.00 and state
5 spending from state resources to be paid to local units of
6 government for fiscal year 2014-2015 is \$5,000,000.00. The itemized
7 statement below identifies appropriations from which spending to
8 local units of government will occur:

9 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

10	Environmental stewardship.....	\$	3,500,000
11	Qualified forest program.....		<u>1,500,000</u>
12	TOTAL.....	\$	5,000,000

13 Sec. 202. The appropriations authorized under this part and
14 part 1 are subject to the management and budget act, 1984 PA 431,
15 MCL 18.1101 to 18.1594.

16 Sec. 203. As used in this part and part 1:

17 (a) "Department" means the department of agriculture and rural
18 development.

19 (b) "Director" means the director of the department.

20 (c) "EPA" means the United States environmental protection
21 agency.

22 (d) "FTE" means full-time equated.

23 (e) "HHS-FDA" means the United States department of health and
24 human services - food and drug administration.

25 (f) "IDG" means interdepartmental grant.

26 (g) "LARA" means the Michigan department of licensing and
27 regulatory affairs.

1 (h) "LCC" means the Michigan liquor control commission.

2 (i) "MDEQ" means the Michigan department of environmental
3 quality.

4 (j) "MDNR" means the Michigan department of natural resources.

5 (k) "MOU" means memorandum of understanding.

6 (l) "TB" means tuberculosis.

7 (m) "USDA" means the United States department of agriculture.

8 Sec. 206. (1) In addition to the funds appropriated in part 1,
9 there is appropriated an amount not to exceed \$5,000,000.00 for
10 federal contingency funds. These funds are not available for
11 expenditure until they have been transferred to another line item
12 in part 1 under section 393(2) of the management and budget act,
13 1984 PA 431, MCL 18.1393.

14 (2) In addition to the funds appropriated in part 1, there is
15 appropriated an amount not to exceed \$6,000,000.00 for state
16 restricted contingency funds. These funds are not available for
17 expenditure until they have been transferred to another line item
18 in part 1 under section 393(2) of the management and budget act,
19 1984 PA 431, MCL 18.1393.

20 (3) In addition to the funds appropriated in part 1, there is
21 appropriated an amount not to exceed \$100,000.00 for local
22 contingency funds. These funds are not available for expenditure
23 until they have been transferred to another line item in part 1
24 under section 393(2) of the management and budget act, 1984 PA 431,
25 MCL 18.1393.

26 (4) In addition to the funds appropriated in part 1, there is
27 appropriated an amount not to exceed \$100,000.00 for private

1 contingency funds. These funds are not available for expenditure
2 until they have been transferred to another line item in part 1
3 under section 393(2) of the management and budget act, 1984 PA 431,
4 MCL 18.1393.

5 Sec. 207. The department shall cooperate with the department
6 of technology, management, and budget to maintain a searchable
7 website accessible by the public at no cost that includes, but is
8 not limited to, all of the following:

9 (a) Fiscal year-to-date expenditures by category.

10 (b) Fiscal year-to-date expenditures by appropriation unit.

11 (c) Fiscal year-to-date payments to a selected vendor,
12 including the vendor name, payment date, payment amount, and
13 payment description.

14 (d) The number of active department employees by job
15 classification.

16 (e) Job specifications and wage rates.

17 Sec. 208. Unless otherwise specified, the department shall use
18 the Internet to fulfill the reporting requirements of this part.
19 This requirement may include transmission of reports via electronic
20 mail to the recipients identified for each reporting requirement,
21 or it may include placement of reports on an Internet or Intranet
22 site.

23 Sec. 209. Funds appropriated in part 1 shall not be used for
24 the purchase of foreign goods or services, or both, if
25 competitively priced and of comparable quality American goods or
26 services, or both, are available. Preference shall be given to
27 goods or services, or both, manufactured or provided by Michigan

1 businesses, if they are competitively priced and of comparable
2 quality. In addition, preference shall be given to goods or
3 services, or both, that are manufactured or provided by Michigan
4 businesses owned and operated by veterans, if they are
5 competitively priced and of comparable quality.

6 Sec. 210. The director shall take all reasonable steps to
7 ensure businesses in deprived and depressed communities compete for
8 and perform contracts to provide services or supplies, or both.

9 Each director shall strongly encourage firms with which the
10 department contracts to subcontract with certified businesses in
11 depressed and deprived communities for services, supplies, or both.

12 Sec. 212. The department and agencies receiving appropriations
13 in part 1 shall receive and retain copies of all reports funded
14 from appropriations in part 1. Federal and state guidelines for
15 short-term and long-term retention of records shall be followed.
16 The department may electronically retain copies of reports unless
17 otherwise required by federal and state guidelines.

18 Sec. 215. The department shall not take disciplinary action
19 against an employee for communicating with a member of the
20 legislature or his or her staff.

21 Sec. 218. The departments and agencies receiving
22 appropriations in part 1 shall prepare a report on out-of-state
23 travel expenses not later than January 1 of each year. The travel
24 report shall be a listing of all travel by classified and
25 unclassified employees outside this state in the immediately
26 preceding fiscal year that was funded in whole or in part with
27 funds appropriated in the department's budget. The report shall be

1 submitted to the house and senate appropriations committees, the
2 house and senate fiscal agencies, and the state budget director.

3 The report shall include the following information:

4 (a) The dates of each travel occurrence.

5 (b) The transportation and related costs of each travel
6 occurrence, including the proportion funded with state general
7 fund/general purpose revenues, the proportion funded with state
8 restricted revenues, the proportion funded with federal revenues,
9 and the proportion funded with other revenues.

10 Sec. 228. Not later than November 30, the state budget office
11 shall prepare and transmit a report that provides for estimates of
12 the total general fund/general purpose appropriation lapses at the
13 close of the fiscal year. This report shall summarize the projected
14 year-end general fund/general purpose appropriation lapses by major
15 departmental program or program areas. The report shall be
16 transmitted to the office of the state budget, the chairpersons of
17 the senate and house of representatives standing committees on
18 appropriations, and the senate and house fiscal agencies.

19 Sec. 229. Within 14 days after the release of the executive
20 budget recommendation, the department shall cooperate with the
21 state budget office to provide the senate and house appropriations
22 chairs, the senate and house appropriations subcommittees on
23 agriculture and rural development, respectively, and the senate and
24 house fiscal agencies with an annual report on estimated state
25 restricted fund balances, state restricted fund projected revenues,
26 and state restricted fund expenditures for the fiscal years ending
27 September 30, 2014 and September 30, 2015.

1 Sec. 230. Funds appropriated in part 1 shall not be used by a
2 principal executive department, state agency, or authority to hire
3 a person to provide legal services that are the responsibility of
4 the attorney general. This prohibition does not apply to legal
5 services for bonding activities and for those outside services that
6 the attorney general authorizes.

7 Sec. 231. The department shall maintain, on a publicly
8 accessible website, a department scorecard that identifies, tracks,
9 and regularly updates key metrics that are used to monitor and
10 improve the agency's performance.

11 Sec. 232. Total authorized appropriations from all sources
12 under part 1 for legacy costs for the fiscal year ending September
13 30, 2015 are \$11,651,400.00. From this amount, total agency
14 appropriations for pension-related legacy costs are estimated at
15 \$6,512,000.00. Total agency appropriations for retiree health care
16 legacy costs are estimated at \$5,139,400.00.

17 **DEPARTMENTWIDE**

18 Sec. 301. (1) Pursuant to the appropriations in part 1, the
19 department may receive and expend revenue and use that revenue to
20 cover necessary expenses related to publications, audit and
21 licensing functions, livestock sales, certification of nursery
22 stock, and laboratory analyses as specified in the following:

23 (a) Management services publications.

24 (b) Management services audit and licensing functions.

25 (c) Pesticide and plant pest management propagation and
26 certification of virus-free foundation stock.

1 (d) Pesticide and plant pest management grading services.

2 (e) Laboratory support testing for testing horses in draft
3 horse pulling contests at county fairs when local jurisdictions
4 request state assistance.

5 (f) Laboratory support analyses to determine foreign
6 substances in horses engaged in racing or pulling contests at
7 tracks.

8 (g) Laboratory support analyses of food, livestock, and
9 agricultural products for disease, foreign products for disease,
10 toxic materials, foreign substances, and quality standards.

11 (h) Laboratory support test samples for other agencies and
12 organizations.

13 (i) Fruit and vegetable inspection at shipping and termination
14 points and processing plants.

15 (2) The department shall notify the senate and house
16 appropriations subcommittees on agriculture and rural development
17 and the senate and house fiscal agencies 30 days prior to proposing
18 changes in fees authorized under this section or under section 5 of
19 1915 PA 91, MCL 285.35.

20 (3) Annually, before February 1, the department shall provide
21 a report to the senate and house appropriations subcommittees on
22 agriculture and rural development and the senate and house fiscal
23 agencies detailing all the fees charged by the department under the
24 authorization provided in this section, including, but not limited
25 to, rates, number of individuals paying each fee, and the revenue
26 generated by each fee in the previous fiscal year.

27 Sec. 302. Of the funds appropriated in part 1 that are other

1 than line-item grants, the department shall not provide grants to
2 local government agencies, institutions of higher education, or
3 nonprofit organizations unless the department provides notice of
4 the grant to the senate and house appropriations subcommittees on
5 agriculture and rural development at least 10 days before the grant
6 is issued. The grants shall be used to support research or other
7 related activities for the purpose of enhancing the agricultural
8 industries in this state.

9 **FOOD AND DAIRY**

10 Sec. 402. Not later than April 1, the department shall provide
11 a report to the senate and house appropriations subcommittees on
12 agriculture and rural development and the senate and house fiscal
13 agencies describing significant food-borne outbreaks and
14 emergencies, including any enforcement actions taken related to
15 food safety during the 2013-2014 fiscal year.

16 **ANIMAL INDUSTRY**

17 Sec. 451. From the funds appropriated in part 1 for bovine
18 tuberculosis, the department shall pay for all whole herd testing
19 costs and individual animal testing costs in the modified
20 accredited zone to maintain split-state status requirements. These
21 costs include indemnity and compensation for injury causing death
22 or downer to animals.

23 Sec. 453. (1) Of the funds appropriated in part 1, the
24 department may provide for indemnity as provided for pursuant to
25 the animal industry act, 1988 PA 466, MCL 287.701 to 287.746, not

1 to exceed \$100,000.00 per order from any line item for the fiscal
2 year ending September 30, 2014. Before the department provides for
3 an indemnification under this section, the department shall report
4 the reason for the indemnification, the amount of the
5 indemnification, and to whom the indemnification is to be paid. The
6 report shall be given to each member of the senate and house
7 appropriations subcommittees on agriculture and rural development
8 and to the senate and house fiscal agencies and to the state budget
9 director.

10 (2) The department of agriculture and rural development shall
11 make an indemnification payment for the fair market value of
12 livestock killed by a wolf, coyote, or cougar, if the kill is
13 verified by the department of natural resources. The fair market
14 value of the livestock shall be determined pursuant to the
15 indemnification procedures prescribed in the animal industry act,
16 1988 PA 466, MCL 287.701 to 287.746.

17 (3) The funds appropriated in part 1 for indemnification -
18 livestock depredation are appropriated for indemnification payments
19 and related department costs under subsection (2). On or before
20 March 1 of the current fiscal year, the department shall report to
21 the house and senate appropriations subcommittees on agriculture
22 and rural development, and the house and senate fiscal agencies, on
23 costs incurred in the 2012-2013 and 2013-2014 fiscal years for
24 indemnification payments to producers made under subsection (2) and
25 related department costs.

26 Sec. 454. The department shall use its resources to
27 collaborate with the USDA to obtain TB-free status for the area of

1 the Lower Peninsula that is zoned as modified accredited advanced.
2 The department shall also aggressively work toward eradicating
3 bovine TB in the modified accredited zone. The department shall
4 also convene a workgroup to work toward eradicating bovine TB in
5 the modified accredited zone.

6 Sec. 456. Of the funds appropriated in part 1, no funds shall
7 be used to enforce the mandatory electronic animal identification
8 program for any domestic animals other than cattle until specific
9 procedures and guidelines for electronic animal identification are
10 outlined in statute.

11 Sec. 457. On or before October 15 of the current fiscal year
12 and on a quarterly basis thereafter, the department shall report to
13 the senate and house agriculture committees, the senate and house
14 appropriations subcommittees on agriculture and rural development,
15 and the senate and house fiscal agencies on the department's
16 progress toward meeting the USDA requirements as outlined in the
17 March 2007 bovine TB program review. The report shall include, but
18 is not limited to, information and data on: wildlife risk
19 mitigation plan implementation in the modified accredited zone;
20 implementation of a movement certificate process; progress toward
21 annual surveillance test requirements set out in the June 2007 MOU;
22 efforts to work with slaughter facilities in Michigan, as well as
23 those that slaughter a significant number of animals from Michigan;
24 educational programs and information for Michigan's livestock
25 community; any other item the legislature should be aware of that
26 will promote or hinder efforts to achieve bovine TB-free status for
27 Michigan.

1 Sec. 458. From the funds appropriated in part 1 for animal
2 industry, the department shall provide inspection and testing of
3 aquaculture facilities and aquaculture researchers as provided
4 under section 7 of the Michigan aquaculture development act, 1996
5 PA 199, MCL 286.877. It is the intent of the legislature that the
6 department shall work with aquaculture facilities and aquaculture
7 researchers to identify, contain, and eradicate viral hemorrhagic
8 septicemia in this state.

9 **ENVIRONMENTAL STEWARDSHIP**

10 Sec. 601. The part 1 appropriation line item environmental
11 stewardship shall be used to support department agriculture
12 pollution prevention programs, including groundwater and freshwater
13 protection programs under part 87 of the Michigan natural resources
14 and environmental protection act, 1994 PA 451, MCL 324.8701 to
15 324.8717, and technical assistance in implementing conservation
16 grants available under the federal farm bill of 2014.

17 Sec. 607. (1) It is the intent of the legislature that the
18 department continue its activities in support of intercounty
19 drainage districts as provided in chapter 5 of the drain code of
20 1956, 1956 PA 40, MCL 280.101 to 280.106.

21 (2) The department shall work with representatives of
22 intercounty drainage districts to develop a mutually agreeable
23 method of funding department costs associated with the intercounty
24 drainage program.

25 Sec. 608. (1) The appropriations in part 1 for qualified
26 forest affidavit program are for the purpose of increasing the

1 knowledge of nonindustrial private forestland owners of sound
2 forest management practices and increasing the amount of commercial
3 timber production from those lands.

4 (2) The department shall work in partnership with stakeholder
5 groups and other state and federal agencies to increase the active
6 management of nonindustrial private forestland to foster the growth
7 of Michigan's timber product industry.

8 Sec. 609. From the appropriation in part 1 for commercial
9 forestry audit program, it is the intent of the legislature to
10 provide grant funding to the qualified nonprofit sustainable
11 forestry initiative to work with public and private forestland
12 owners to conduct site visits and prepare an analysis and audit of
13 statewide best management practices for water quality and the
14 related forest ecosystem, including native plant and animal species
15 and wildlife habitat. The best management practices audit shall be
16 performed by an audit team composed of qualified professionals,
17 including, but not limited to, the department of natural resources,
18 the department of environmental quality, university faculty, and
19 conservation groups.

20 **AGRICULTURE DEVELOPMENT**

21 Sec. 701. (1) The department shall establish and administer a
22 rural development value-added grant program. The program shall
23 promote the expansion of value-added agricultural production,
24 processing, and access within the state.

25 (2) The department shall award grants on a competitive basis
26 from the funds appropriated in part 1 for rural development value-

1 added grants. Grantees will be required to provide a cash match and
2 identify measurable project outcomes. Eligible grantees may
3 include, but are not limited to, individuals, partnerships,
4 cooperatives, private or public corporations, and local units of
5 government.

6 (3) A joint evaluation committee shall be selected by the
7 director with representatives with agriculture, business, and
8 economic development expertise. The joint evaluation committee
9 shall identify criteria, evaluate applications, and provide
10 recommendations to the director for final approval of grant awards.

11 (4) The department may expend money from the funds
12 appropriated in part 1 for the rural development value-added grants
13 for administering the program.

14 (5) The unexpended portion of the rural development value-
15 added grant program is considered a work project appropriation in
16 accordance with the management and budget act, 1984 PA 431, MCL
17 18.1101 to 18.1594.

18 (6) The department shall provide an interim report no later
19 than March 15 of the current fiscal year and year-end report no
20 later than September 30 of the current fiscal year to the senate
21 and house appropriations subcommittees on agriculture and rural
22 development and the senate and house fiscal agencies, including the
23 grantees, award amount, match funding, and project outcomes.

24 (7) Notwithstanding other provisions of this section, the
25 department shall award a \$200,000.00 rural development value-added
26 grant to the eastern Michigan food bank for completion of its new
27 "food hub" facility.

1 Sec. 706. Not later than April 1 of the current fiscal year,
2 the department shall provide a report to the senate and house
3 appropriations subcommittees on agriculture and rural development
4 and the senate and house fiscal agencies describing the
5 department's agriculture development and export market development
6 activities. The report shall identify grants awarded during the
7 prior fiscal year, including a description of federal or private
8 funds made available as a result of department activities.

9 Sec. 709. (1) Not later than April 1 of the current fiscal
10 year, the department shall provide a report to the senate and house
11 appropriations subcommittees on agriculture and rural development
12 and the senate and house fiscal agencies describing the activities
13 of the grape and wine industry council established under section
14 303 of the Michigan liquor control act of 1998, 1998 PA 58, MCL
15 436.1303.

16 (2) The report shall include all of the following:

17 (a) Council activities and accomplishments for the previous
18 fiscal year.

19 (b) Council expenditures for the previous fiscal year by
20 category of administration, industry support, research and
21 education grants, and promotion and consumer education.

22 (c) Grants awarded during the prior fiscal year and the
23 results of research grant projects completed during the prior
24 fiscal year.

25 Sec. 711. (1) The department shall establish and administer
26 the food and agriculture industry growth initiative. The program
27 shall use a grant process to support research, education, and

1 technical assistance efforts focused on removing barriers and
2 leveraging opportunities identified by those in the food and
3 agriculture industry as critical to business development and growth
4 within the state.

5 (2) In addition to the funds appropriated in part 1, the
6 department of agriculture and rural development may receive and
7 expend funds received from outside sources for the food and
8 agriculture industry growth initiative.

9 (3) The director shall establish a consortium of interested
10 parties including those involved in the food and agriculture
11 industry sector to develop the program priorities described in
12 subsection (1).

13 (4) The department shall award grants from the funds
14 appropriated in part 1 or received from outside sources under
15 subsection (2) for food and agriculture industry growth initiative
16 grants. Grantees will be required to identify measurable project
17 outcomes.

18 (5) A joint evaluation committee selected by the director
19 shall evaluate applications and provide recommendations to the
20 director for final approval of grant awards.

21 (6) The department may expend money from the funds
22 appropriated in part 1 for the food and agriculture industry growth
23 initiative for administering the program.

24 (7) Notwithstanding other provisions of this section, of the
25 funds appropriated in part 1 for food and agriculture industry
26 growth initiative, \$390,000.00 shall be designated for a regional
27 public private partnership consisting of Michigan Technological

University and at least 1 pulp and paper manufacturing operation focused on removing existing barriers and leveraging opportunities directly related to combined heat and power co-located with sustainable agricultural food processing operations.

FAIRS AND EXPOSITIONS

Sec. 801. All appropriations from the agriculture equine industry development fund shall be spent on equine-related purposes. No funds from the agriculture equine industry development fund shall be expended for nonequine-related purposes without prior approval of the legislature.

Sec. 802. All appropriations from the agriculture equine industry development fund, except for the racing commission and laboratory analysis program appropriations, shall be reduced proportionately if revenues to the agriculture equine industry development fund decline during the fiscal year ending September 30, 2014 to a level lower than the amounts appropriated in section 110.

Sec. 804. The Michigan gaming control board shall use actual expenditure data in determining the actual regulatory costs of conducting racing dates and shall provide that data to the senate and house of representatives appropriations subcommittees on agriculture and rural development and general government and the senate and house fiscal agencies by November 1 of the current fiscal year. The Michigan gaming control board shall not be reimbursed for more than the actual regulatory cost of conducting race dates. If a certified horsemen's organization funds more than

1 the actual regulatory cost, the balance shall remain in the
2 agriculture equine industry development fund to be used to fund
3 subsequent race dates conducted by race meeting licensees with
4 which the certified horsemen's organization has contracts. If a
5 certified horsemen's organization funds less than the actual
6 regulatory costs of the additional horse racing dates, the Michigan
7 gaming control board shall reduce the number of future race dates
8 conducted by race meeting licensees with which the certified
9 horsemen's organization has contracts. Prior to the reduction in
10 the number of authorized race dates due to budget deficits, the
11 executive director of the Michigan gaming control board shall
12 provide notice to the certified horsemen's organizations with an
13 opportunity to respond with alternatives. In determining actual
14 costs, the Michigan gaming control board shall take into account
15 that each specific breed may require different regulatory
16 mechanisms.

17 Sec. 805. (1) The department shall establish and administer a
18 county fairs capital improvement grant program. The program shall
19 assist in the promotion of building improvements or other capital
20 improvements at county fairgrounds of the state.

21 (2) The department shall award grants on a competitive basis
22 to county fair organizations from the funds appropriated in part 1
23 for county fairs capital improvements grants. Grantees will be
24 required to provide a dollar-for-dollar cash match with grant
25 awards and identify measurable project outcomes.

26 (3) The department shall identify criteria, evaluate
27 applications, and provide recommendations to the director for final

1 approval of grant awards.

2 (4) The department may expend money from the funds
3 appropriated in part 1 for the county fairs capital improvement
4 grants for administering the program.

5 (5) The unexpended portion of the county fairs capital
6 improvement grant program is considered a work project
7 appropriation in accordance with the management and budget act,
8 1984 PA 431, MCL 18.1101 to 18.1594.

9 (6) The department shall provide a year-end report no later
10 than September 30 of the current fiscal year to the senate and
11 house appropriations subcommittees on agriculture and rural
12 development and the senate and house fiscal agencies, including the
13 grantees, award amount, match funding, and project outcomes.

14 **ONE-TIME BASIS ONLY APPROPRIATIONS**

15 Sec. 1101. The 1-time appropriations in part 1 for food and
16 agriculture industry growth initiative shall be expended in
17 accordance with the requirements of section 711 of this part.

18 PART 2A

19 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

20 FOR FISCAL YEAR 2015-2016

21 **GENERAL SECTIONS**

22 Sec. 1201. It is the intent of the legislature to provide
23 appropriations for the fiscal year ending on September 30, 2016 for
24 the line items listed in part 1. The fiscal year 2015-2016

1 appropriations are anticipated to be the same as those for fiscal
2 year 2014-2015, except that the line items will be adjusted for
3 changes in caseload and related costs, federal fund match rates,
4 economic factors, and available revenue. These adjustments will be
5 determined after the January 2015 consensus revenue estimating
6 conference.