

**SUBSTITUTE FOR
SENATE BILL NO. 115**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2016; 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, 2016, from the following funds:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

APPROPRIATION SUMMARY

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

1	Full-time equated classified positions.....	446.0	
2	GROSS APPROPRIATION.....		\$ 81,088,200
3	Interdepartmental grant revenues:		
4	IDG from LARA (LCC), liquor quality testing fees.....		216,100
5	IDG from MDEQ, biosolids.....		101,200
6	Total interdepartmental grants and intradepartmental		
7	transfers		317,300
8	ADJUSTED GROSS APPROPRIATION.....		\$ 80,770,900
9	Federal revenues:		
10	USDA, multiple grants.....		6,294,700
11	EPA, multiple grants.....		1,297,500
12	HHS-FDA.....		2,493,100
13	Department of interior.....		342,600
14	Total federal revenues.....		10,427,900
15	Special revenue funds:		
16	Private - slow-the-spread foundation.....		20,800
17	Private - commodity group revenue.....		107,300
18	Total private revenues.....		128,100
19	Agriculture preservation fund.....		598,900
20	Agriculture equine industry development fund.....		3,677,500
21	Animal welfare fund.....		217,100
22	Commodity inspection fees.....		508,600
23	Consumer and industry food safety education fund.....		348,800
24	Dairy and food safety fund.....		3,356,300
25	Freshwater protection fund.....		5,316,600
26	Gasoline inspection and testing fund.....		2,618,900
27	Grain dealers fee fund.....		605,200

1	Horticulture fund.....	38,200
2	Industry support funds.....	426,700
3	Agriculture licensing and inspection fees.....	3,574,900
4	Migratory labor housing fund.....	164,400
5	Nonretail liquor fees.....	839,900
6	Refined petroleum fund.....	3,874,600
7	Renewable fuels fund.....	51,800
8	Testing fees.....	287,600
9	Weights and measures regulation fees.....	1,000,400
10	Private forestland enhancement fund.....	134,900
11	Total other state restricted revenues.....	27,641,300
12	State general fund/general purpose.....	\$ 42,573,600
13	State general fund/general purpose schedule:	
14	Ongoing state general fund/general	
15	purpose	42,573,600
16	One-time state general fund/general	
17	purpose	0
18	Sec. 102. DEPARTMENTWIDE	
19	Full-time equated unclassified positions.....	6.0
20	Full-time equated classified positions.....	28.0
21	Commissions and boards.....	\$ 23,800
22	Unclassified positions.....	532,600
23	Executive direction--9.0 FTE positions.....	1,376,100
24	Operational services--15.0 FTE positions.....	1,736,700
25	Statistical reporting service--1.0 FTE position.....	150,400
26	Emergency management--3.0 FTE positions.....	600,300
27	Accounting service center.....	1,115,900

1	Building occupancy charges.....	<u>625,300</u>
2	GROSS APPROPRIATION.....	\$ 6,161,100
3	Appropriated from:	
4	Federal revenues:	
5	HHS-FDA.....	324,100
6	Special revenue funds:	
7	Private - commodity group revenue.....	77,400
8	Dairy and food safety fund.....	384,400
9	Migratory labor housing fund.....	26,200
10	Grain dealers fee fund.....	7,300
11	Agriculture preservation fund.....	15,100
12	Freshwater protection fund.....	22,300
13	Industry support funds.....	52,800
14	Agriculture licensing and inspection fees.....	367,200
15	Nonretail liquor fees.....	27,900
16	Refined petroleum fund.....	220,300
17	State general fund/general purpose.....	\$ 4,636,100
18	Sec. 103. INFORMATION AND TECHNOLOGY	
19	Information technology services and projects.....	\$ <u>1,372,500</u>
20	GROSS APPROPRIATION.....	\$ 1,372,500
21	Appropriated from:	
22	Interdepartmental grant revenues:	
23	IDG from LARA (LCC), liquor quality testing fees.....	3,200
24	Special revenue funds:	
25	Agriculture preservation fund.....	200
26	Freshwater protection fund.....	100
27	Gasoline inspection testing fund.....	31,400

1	Agriculture licensing and inspection fees	32,400
2	Nonretail liquor fees	500
3	State general fund/general purpose	\$ 1,304,700
4	Sec. 104. FOOD AND DAIRY	
5	Full-time equated classified positions.....	113.0
6	Food safety and quality assurance--83.0 FTE positions	\$ 12,023,400
7	Milk safety and quality assurance--30.0 FTE positions	<u>4,170,600</u>
8	GROSS APPROPRIATION	\$ 16,194,000
9	Appropriated from:	
10	Federal revenues:	
11	USDA, multiple grants	133,800
12	HHS-FDA	1,172,000
13	Special revenues funds:	
14	Consumer and industry food safety education fund	348,800
15	Dairy and food safety fund	2,971,900
16	State general fund/general purpose	\$ 11,567,500
17	Sec. 105. ANIMAL INDUSTRY	
18	Full-time equated classified positions.....	60.0
19	Animal disease prevention and response--60.0 FTE	
20	positions	\$ 8,881,000
21	Indemnification - livestock depredation	<u>50,000</u>
22	GROSS APPROPRIATION	\$ 8,931,000
23	Appropriated from:	
24	Federal revenues:	
25	USDA, multiple grants	518,600
26	HHS-FDA	65,600
27	Special revenue funds:	

1	Private - commodity group revenue.....	29,900
2	Animal welfare fund.....	217,100
3	Agriculture licensing and inspection fees.....	48,900
4	State general fund/general purpose.....	\$ 8,050,900
5	Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT	
6	Full-time equated classified positions.....	85.0
7	Pesticide and plant pest management--80.0 FTE	
8	positions	\$ 11,529,700
9	Producer security/grain dealers--5.0 FTE positions ...	<u>643,800</u>
10	GROSS APPROPRIATION.....	\$ 12,173,500
11	Appropriated from:	
12	Federal revenues:	
13	USDA, multiple grants.....	829,800
14	EPA, multiple grants.....	524,300
15	Department of interior.....	222,000
16	HHS-FDA.....	319,700
17	Special revenue funds:	
18	Private - slow-the-spread foundation.....	20,800
19	Commodity inspection fees.....	508,600
20	Freshwater protection fund.....	151,400
21	Grain dealers fee fund.....	597,900
22	Horticulture fund.....	38,200
23	Industry support funds.....	242,300
24	Agriculture licensing and inspection fees.....	3,123,200
25	State general fund/general purpose.....	\$ 5,595,300
26	Sec. 107. ENVIRONMENTAL STEWARDSHIP	
27	Full-time equated classified positions.....	55.0

1	MAEAP - environmental stewardship--23.0 FTE positions	\$	8,128,500
2	Farmland and open space preservation--7.0 FTE		
3	positions		905,200
4	Qualified forest program--9.0 FTE positions		2,532,500
5	Commercial forestry audit program		300,000
6	Migrant labor housing--9.0 FTE positions		1,186,600
7	Right-to-farm--3.0 FTE positions		567,900
8	Intercounty drain--4.0 FTE positions		<u>474,100</u>
9	GROSS APPROPRIATION	\$	14,094,800
10	Appropriated from:		
11	Interdepartmental grant revenues:		
12	IDG from MDEQ, biosolids		101,200
13	Federal revenues:		
14	USDA, multiple grants		916,700
15	Department of interior		120,600
16	EPA, multiple grants		604,700
17	Special revenue funds:		
18	Agriculture preservation fund		583,600
19	Freshwater protection fund		5,142,800
20	Private forestland enhancement fund		134,900
21	Migratory labor housing fund		138,200
22	State general fund/general purpose	\$	6,352,100
23	Sec. 108. LABORATORY PROGRAM		
24	Full-time equated classified positions	90.0	
25	Laboratory services--37.0 FTE positions	\$	5,322,000
26	USDA monitoring--13.0 FTE positions		1,596,700
27	Consumer protection program--40.0 FTE positions		<u>6,072,200</u>

1	GROSS APPROPRIATION.....	\$	12,990,900
2	Appropriated from:		
3	Interdepartmental grant revenues:		
4	IDG from LARA (LCC), liquor quality testing fees.....		212,900
5	Federal revenues:		
6	USDA, multiple grants.....		1,597,600
7	EPA, multiple grants.....		168,500
8	HHS-FDA.....		611,700
9	Special revenue funds:		
10	Agriculture equine industry development fund.....		610,300
11	Gasoline inspection and testing fund.....		2,587,500
12	Agriculture licensing and inspection fees.....		3,200
13	Refined petroleum fund.....		3,654,300
14	Renewable fuels fund.....		51,800
15	Testing fees.....		287,600
16	Weights and measures regulation fees.....		1,000,400
17	State general fund/general purpose.....	\$	2,205,100
18	Sec. 109. AGRICULTURAL DEVELOPMENT		
19	Full-time equated classified positions.....	14.0	
20	Agricultural development--11.0 FTE positions.....	\$	3,576,700
21	Grape and wine program--3.0 FTE positions.....		856,500
22	Strategic growth initiative.....		1,100,000
23	Rural development value-added grants.....		<u>250,000</u>
24	GROSS APPROPRIATION.....	\$	5,783,200
25	Appropriated from:		
26	Federal revenues:		
27	USDA, multiple grants.....		2,298,200

1	Special revenue funds:		
2	Industry support funds.....		131,600
3	Nonretail liquor fees.....		811,500
4	State general fund/general purpose.....	\$	2,541,900
5	Sec. 110. FAIRS AND EXPOSITIONS		
6	Full-time equated classified positions.....	1.0	
7	Fairs and racing--1.0 FTE position.....	\$	256,600
8	County fairs capital improvement grants.....		300,000
9	Shows and expositions.....		20,000
10	Purses and supplements - fairs/licensed tracks.....		708,300
11	Licensed tracks - light horse racing.....		40,300
12	Light horse racing - breeders' awards.....		20,000
13	Standardbred breeders' awards.....		285,900
14	Standardbred purses and supplements - licensed tracks		527,800
15	Standardbred sire stakes.....		239,000
16	Thoroughbred supplements - licensed tracks.....		385,900
17	Thoroughbred breeders' awards.....		358,600
18	Thoroughbred sire stakes.....		<u>244,800</u>
19	GROSS APPROPRIATION.....	\$	3,387,200
20	Appropriated from:		
21	Special revenue funds:		
22	Agriculture equine industry development fund.....		3,067,200
23	State general fund/general purpose.....	\$	320,000

24 PART 2

25 PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2015-2016

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2015-2016 is \$70,736,300.00 and state spending from state resources to be paid to local units of government for fiscal year 2015-2016 is \$4,750,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

MAEAP environmental stewardship.....	\$	3,250,000
Qualified forest program.....		<u>1,500,000</u>
TOTAL.....	\$	4,750,000

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

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

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

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

(c) "EPA" means the United States Environmental Protection Agency.

(d) "Fiscal agencies" means the Michigan house fiscal agency and the Michigan senate fiscal agency.

(e) "FTE" means full-time equated.

(f) "HHS-FDA" means the United States Department of Health and Human Services - Food and Drug Administration.

1 (g) "IDG" means interdepartmental grant.

2 (h) "LARA" means the Michigan department of licensing and
3 regulatory affairs.

4 (i) "LCC" means the Michigan liquor control commission.

5 (j) "MAEAP" means the Michigan agriculture environmental
6 assurance program.

7 (k) "MDEQ" means the Michigan department of environmental
8 quality.

9 (l) "MDNR" means the Michigan department of natural resources.

10 (m) "MOU" means memorandum of understanding.

11 (n) "Subcommittees" means all members of the subcommittees of
12 the house and senate appropriations committees with jurisdiction
13 over the budget for the department.

14 (o) "TB" means tuberculosis.

15 (p) "USDA" means the United States Department of Agriculture.

16 Sec. 206. (1) In addition to the funds appropriated in part 1,
17 there is appropriated an amount not to exceed \$5,000,000.00 for
18 federal contingency funds. These funds are not available for
19 expenditure until they have been transferred to another line item
20 in part 1 under section 393(2) of the management and budget act,
21 1984 PA 431, MCL 18.1393.

22 (2) In addition to the funds appropriated in part 1, there is
23 appropriated an amount not to exceed \$6,000,000.00 for state
24 restricted contingency funds. These funds are not available for
25 expenditure until they have been transferred to another line item
26 in part 1 under section 393(2) of the management and budget act,
27 1984 PA 431, MCL 18.1393.

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

7 (4) In addition to the funds appropriated in part 1, there is
8 appropriated an amount not to exceed \$100,000.00 for private
9 contingency funds. These funds are not available for expenditure
10 until they have been transferred to another line item in part 1
11 under section 393(2) of the management and budget act, 1984 PA 431,
12 MCL 18.1393.

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

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

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

19 (c) Fiscal year-to-date payments to a selected vendor,
20 including the vendor name, payment date, payment amount, and
21 payment description.

22 (d) The number of active department employees by job
23 classification.

24 (e) Job specifications and wage rates.

25 Sec. 208. The departments and agencies receiving
26 appropriations in part 1 shall use the Internet to fulfill the
27 reporting requirements of this part. This requirement may include

1 transmission of reports via electronic mail to the recipients
2 identified for each reporting requirement, or it may include
3 placement of reports on an Internet or intranet site.

4 Sec. 209. Funds appropriated in part 1 shall not be used for
5 the purchase of foreign goods or services, or both, if
6 competitively priced and of comparable quality American goods or
7 services, or both, are available. Preference shall be given to
8 goods or services, or both, manufactured or provided by Michigan
9 businesses, if they are competitively priced and of comparable
10 quality. In addition, preference shall be given to goods or
11 services, or both, that are manufactured or provided by Michigan
12 businesses owned and operated by veterans, if they are
13 competitively priced and of comparable quality.

14 Sec. 210. The director shall take all reasonable steps to
15 ensure businesses in deprived and depressed communities compete for
16 and perform contracts to provide services or supplies, or both.
17 Each director shall strongly encourage firms with which the
18 department contracts to subcontract with certified businesses in
19 depressed and deprived communities for services, supplies, or both.

20 Sec. 212. The department and agencies receiving appropriations
21 in part 1 shall receive and retain copies of all reports funded
22 from appropriations in part 1. Federal and state guidelines for
23 short-term and long-term retention of records shall be followed.
24 The department may electronically retain copies of reports unless
25 otherwise required by federal and state guidelines.

26 Sec. 215. The department shall not take disciplinary action
27 against an employee for communicating with a member of the

1 legislature or his or her staff.

2 Sec. 218. The departments and agencies receiving
3 appropriations in part 1 shall prepare a report on out-of-state
4 travel expenses not later than January 1 of each year. The travel
5 report shall be a listing of all travel by classified and
6 unclassified employees outside this state in the immediately
7 preceding fiscal year that was funded in whole or in part with
8 funds appropriated in the department's budget. The report shall be
9 submitted to the house and senate appropriations committees, the
10 house and senate fiscal agencies, and the state budget director.
11 The report shall include the following information:

12 (a) The dates of each travel occurrence.

13 (b) The transportation and related costs of each travel
14 occurrence, including the proportion funded with state general
15 fund/general purpose revenues, the proportion funded with state
16 restricted revenues, the proportion funded with federal revenues,
17 and the proportion funded with other revenues.

18 Sec. 228. Not later than November 30, the state budget office
19 shall prepare and transmit a report that provides for estimates of
20 the total general fund/general purpose appropriation lapses at the
21 close of the prior fiscal year. This report shall summarize the
22 projected year-end general fund/general purpose appropriation
23 lapses by major departmental program or program areas. The report
24 shall be transmitted to the chairpersons of the senate and house of
25 representatives standing committees on appropriations and the
26 senate and house fiscal agencies.

27 Sec. 229. Within 14 days after the release of the executive

1 budget recommendation, the department shall cooperate with the
2 state budget office to provide the senate and house appropriations
3 chairs, the senate and house appropriations subcommittees on
4 agriculture and rural development, respectively, and the senate and
5 house fiscal agencies with an annual report on estimated state
6 restricted fund balances, state restricted fund projected revenues,
7 and state restricted fund expenditures for the fiscal years ending
8 September 30, 2015 and September 30, 2016.

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

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

19 Sec. 232. Total authorized appropriations from all sources
20 under part 1 for legacy costs for the fiscal year ending September
21 30, 2016 is \$12,751,500.00. From this amount, total agency
22 appropriations for pension-related legacy costs are estimated at
23 \$7,237,000.00. Total agency appropriations for retiree health care
24 legacy costs are estimated at \$5,513,800.00.

25 Sec. 240. In addition to the metrics required under section
26 447 of the management and budget act, 1984 PA 431, MCL 18.1447, for
27 each new program or program enhancement for which funds in excess

1 of \$500,000.00 are appropriated in part 1, the department shall
2 provide not later than November 1, 2015 a list of program-specific
3 metrics intended to measure its performance based on a return on
4 taxpayer investment. The department shall deliver the program-
5 specific metrics to members of the senate and house subcommittees
6 that have subject matter jurisdiction for this budget, fiscal
7 agencies, and the state budget director. The department shall
8 provide an update on its progress in tracking program-specific
9 metrics and the status of program success at an appropriations
10 subcommittee meeting called for by the subcommittee chair.

11 **DEPARTMENTWIDE**

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

17 (a) Management services publications.

18 (b) Management services audit and licensing functions.

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

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

22 (e) Laboratory support testing for testing horses in draft
23 horse pulling contests at county fairs when local jurisdictions
24 request state assistance.

25 (f) Laboratory support analyses to determine foreign
26 substances in horses engaged in racing or pulling contests at

1 tracks.

2 (g) Laboratory support analyses of food, livestock, and
3 agricultural products for disease, foreign products for disease,
4 toxic materials, foreign substances, and quality standards.

5 (h) Laboratory support test samples for other agencies and
6 organizations.

7 (i) Fruit and vegetable inspection at shipping and termination
8 points and processing plants.

9 (2) The department shall notify the subcommittees and the
10 fiscal agencies 30 days prior to proposing changes in fees
11 authorized under this section or under section 5 of 1915 PA 91, MCL
12 285.35.

13 (3) Annually, before February 1, the department shall provide
14 a report to the subcommittees and the fiscal agencies detailing all
15 the fees charged by the department under the authorization provided
16 in this section, including, but not limited to, rates, number of
17 individuals paying each fee, and the revenue generated by each fee
18 in the previous fiscal year.

19 Sec. 302. Of the funds appropriated in part 1 that are other
20 than line-item grants, the department shall not provide grants to
21 local government agencies, institutions of higher education, or
22 nonprofit organizations unless the department provides notice of
23 the grant to the subcommittees and fiscal agencies at least 10 days
24 before the grant is issued. The grants shall be used to support
25 research or other related activities for the purpose of enhancing
26 the agricultural industries in this state.

1 **FOOD AND DAIRY**

2 Sec. 402. Not later than April 1, the department shall provide
3 a report to the subcommittees and the fiscal agencies describing
4 significant food-borne outbreaks and emergencies, including any
5 enforcement actions taken related to food safety during the
6 immediately preceding fiscal year.

7 **ANIMAL INDUSTRY**

8 Sec. 451. From the funds appropriated in part 1 for bovine
9 tuberculosis, the department shall pay for all whole herd testing
10 costs and individual animal testing costs in the modified
11 accredited zone to maintain split-state status requirements. These
12 costs include indemnity and compensation for injury causing death
13 or downer to animals.

14 Sec. 454. The department shall use its resources to
15 collaborate with the USDA to obtain TB-free status for the area of
16 the Lower Peninsula that is zoned as modified accredited advanced.
17 The department shall also aggressively work toward eradicating
18 bovine TB in the modified accredited zone. The department shall
19 also convene a workgroup to work toward eradicating bovine TB in
20 the modified accredited zone.

21 Sec. 457. On or before October 15 of the current fiscal year
22 and on a quarterly basis thereafter, the department shall report to
23 the senate and house agriculture committees, the subcommittees, and
24 the fiscal agencies on the department's progress toward meeting the
25 USDA requirements as outlined in the March 2007 bovine TB program
26 review. The report shall include, but is not limited to,

1 information and data on: wildlife risk mitigation plan
2 implementation in the modified accredited zone; implementation of a
3 movement certificate process; progress toward annual surveillance
4 test requirements set out in the June 2007 MOU; efforts to work
5 with slaughter facilities in Michigan, as well as those that
6 slaughter a significant number of animals from Michigan;
7 educational programs and information for Michigan's livestock
8 community; any other item the legislature should be aware of that
9 will promote or hinder efforts to achieve bovine TB-free status for
10 Michigan.

11 Sec. 458. From the funds appropriated in part 1 for animal
12 industry, the department shall provide inspection and testing of
13 aquaculture facilities and aquaculture researchers as provided
14 under section 7 of the Michigan aquaculture development act, 1996
15 PA 199, MCL 286.877. It is the intent of the legislature that the
16 department shall work with aquaculture facilities and aquaculture
17 researchers to identify, contain, and eradicate viral hemorrhagic
18 septicemia in this state.

19 **ENVIRONMENTAL STEWARDSHIP**

20 Sec. 601. The part 1 appropriation line item environmental
21 stewardship shall be used to support department agriculture
22 pollution prevention programs, including groundwater and freshwater
23 protection programs under part 87 of the Michigan natural resources
24 and environmental protection act, 1994 PA 451, MCL 324.8701 to
25 324.8717, and technical assistance in implementing conservation
26 grants available under the federal farm bill of 2014.

1 Sec. 604. (1) Federal revenues authorized by and available
2 from the federal government in excess of the appropriation in part
3 1 under section 107 are appropriated and may be received and
4 expended by the department for purposes authorized under state law
5 and subject to federal requirements.

6 (2) The department shall notify the subcommittees and fiscal
7 agencies prior to expending federal revenues received and
8 appropriated under subsection (1).

9 Sec. 607. (1) It is the intent of the legislature that the
10 department continue its activities in support of intercounty
11 drainage districts as provided in chapter 5 of the drain code of
12 1956, 1956 PA 40, MCL 280.101 to 280.106.

13 (2) The department shall work with representatives of
14 intercounty drainage districts to develop a mutually agreeable
15 method of funding department costs associated with the intercounty
16 drainage program.

17 Sec. 608. (1) The appropriations in part 1 for qualified
18 forest affidavit program are for the purpose of increasing the
19 knowledge of nonindustrial private forestland owners of sound
20 forest management practices and increasing the amount of commercial
21 timber production from those lands.

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

26 Sec. 609. From the appropriation in part 1 for commercial
27 forestry audit program, it is the intent of the legislature to

1 provide grant funding to the qualified nonprofit sustainable
2 forestry initiative to work with public and private forestland
3 owners to conduct site visits and prepare an analysis and audit of
4 statewide best management practices for water quality and the
5 related forest ecosystem, including native plant and animal species
6 and wildlife habitat. The best management practices audit shall be
7 performed by an audit team composed of qualified professionals,
8 including, but not limited to, the department, the department of
9 environmental quality, university faculty, and conservation groups.

10 **AGRICULTURE DEVELOPMENT**

11 Sec. 701. (1) The department shall establish and administer a
12 rural development value-added grant program. The program shall
13 promote the expansion of value-added agricultural production,
14 processing, and access within the state.

15 (2) The department shall award grants on a competitive basis
16 from the funds appropriated in part 1 for rural development value-
17 added grants. Grantees will be required to provide a cash match and
18 identify measurable project outcomes. Eligible grantees may
19 include, but are not limited to, individuals, partnerships,
20 cooperatives, private or public corporations, and local units of
21 government.

22 (3) A joint evaluation committee shall be selected by the
23 director with representatives with agriculture, business, and
24 economic development expertise. The joint evaluation committee
25 shall identify criteria, evaluate applications, and provide
26 recommendations to the director for final approval of grant awards.

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

4 (5) The unexpended portion of the rural development value-
5 added grant program is considered a work project appropriation in
6 accordance with the management and budget act, 1984 PA 431, MCL
7 18.1101 to 18.1594.

8 (6) The department shall provide an interim report no later
9 than March 15 of the current fiscal year and a year-end report no
10 later than September 30 of the current fiscal year to the
11 subcommittees and the fiscal agencies, including the grantees,
12 award amount, match funding, and project outcomes.

13 Sec. 706. Not later than April 1 of the current fiscal year,
14 the department shall provide a report to the subcommittees and the
15 fiscal agencies describing the department's agriculture development
16 and export market development activities. The report shall identify
17 grants awarded during the prior fiscal year, including a
18 description of federal or private funds made available as a result
19 of department activities.

20 Sec. 709. (1) Not later than April 1 of the current fiscal
21 year, the department shall provide a report to the subcommittees
22 and the fiscal agencies describing the activities of the grape and
23 wine industry council established under section 303 of the Michigan
24 liquor control code of 1998, 1998 PA 58, MCL 436.1303.

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

26 (a) Council activities and accomplishments for the previous
27 fiscal year.

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

4 (c) Grants awarded during the previous fiscal year and the
5 results of research grant projects completed during the previous
6 fiscal year.

7 Sec. 711. (1) The department shall establish and administer
8 the food and agriculture industry growth initiative. The program
9 shall use a grant process to support research, education, and
10 technical assistance efforts focused on removing barriers and
11 leveraging opportunities identified by those in the food and
12 agriculture industry as critical to business development and growth
13 within the state.

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

18 (3) The director shall establish a consortium of interested
19 parties including those involved in the food and agriculture
20 industry sector to develop the program priorities described in
21 subsection (1).

22 (4) The department shall award grants from the funds
23 appropriated in part 1 or received from outside sources under
24 subsection (2) for food and agriculture industry growth initiative
25 grants. Grantees will be required to identify measurable project
26 outcomes.

27 (5) A joint evaluation committee selected by the director

1 shall evaluate applications and provide recommendations to the
2 director for final approval of grant awards.

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

6 **FAIRS AND EXPOSITIONS**

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

12 Sec. 802. All appropriations from the agriculture equine
13 industry development fund, except for the Michigan gaming control
14 board's regulatory expenses and the department's expenses to
15 administer horse racing programs and laboratory analysis, shall be
16 reduced proportionately if revenues to the agriculture equine
17 industry development fund decline during the preceding fiscal year
18 to a level lower than the amounts appropriated in part 1.

19 Sec. 804. It is the intent of the legislature that the
20 Michigan gaming control board shall use actual expenditure data in
21 determining the actual regulatory costs of conducting racing dates
22 and shall provide that data to the senate and house of
23 representatives appropriations subcommittees on agriculture and
24 rural development and general government and the fiscal agencies by
25 November 1 of the current fiscal year. The Michigan gaming control
26 board shall not be reimbursed for more than the actual regulatory

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

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

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

27 (3) The department shall identify criteria, evaluate

1 applications, and provide recommendations to the director for final
2 approval of grant awards.

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

6 (5) The unexpended portion of the county fairs capital
7 improvement grant program is considered a work project
8 appropriation in accordance with the management and budget act,
9 1984 PA 431, MCL 18.1101 to 18.1594.

10 (6) The department shall provide a year-end report no later
11 than December 1, 2016 to the subcommittees and the fiscal agencies,
12 including the grantees, award amount, match funding, and project
13 outcomes.

14 Sec. 806. (1) The amount appropriated in part 1 for shows and
15 expositions shall be expended for the purpose of financial support,
16 promotion, prizes, and premiums of equine, livestock, and other
17 agricultural commodity expositions in Michigan.

18 (2) The department shall award grants for the purposes
19 stipulated in subsection (1) on a competitive basis to persons
20 organizing shows and expositions from the funds appropriated in
21 part 1 for shows and expositions. Grantees will be required to
22 provide a dollar-for-dollar cash match with grant awards and
23 identify measurable project outcomes.

24 (3) The department shall identify criteria, evaluate
25 applications, and provide recommendations to the director for final
26 approval of grant awards.

27 (4) The unexpended portion of the appropriation for shows and

1 expositions is considered a work project appropriation in
2 accordance with the management and budget act, 1984 PA 431, MCL
3 18.1101 to 18.1594.

4 (5) The department shall provide a year-end report no later
5 than December 1, 2016 to the subcommittees and the fiscal agencies,
6 including the grantees, award amount, match funding, and project
7 outcomes.

8 PART 2A

9 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

10 FOR FISCAL YEAR 2016-2017

11 **GENERAL SECTIONS**

12 Sec. 1201. It is the intent of the legislature to provide
13 appropriations for the fiscal year ending on September 30, 2017 for
14 the line items listed in part 1. The fiscal year 2016-2017
15 appropriations are anticipated to be the same as those for fiscal
16 year 2015-2016, except that the line items will be adjusted for
17 changes in caseload and related costs, federal fund match rates,
18 economic factors, and available revenue. These adjustments will be
19 determined after the January 2016 consensus revenue estimating
20 conference.