

**SUBSTITUTE FOR  
SENATE BILL NO. 782**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2017; 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, 2017, 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.....	473.0	
2	GROSS APPROPRIATION.....		\$ 93,091,300
3	Interdepartmental grant revenues:		
4	IDG from LARA (LCC), liquor quality testing fees.....		220,100
5	IDG from MDEQ, biosolids.....		103,100
6	Total interdepartmental grants and intradepartmental		
7	transfers .....		323,200
8	ADJUSTED GROSS APPROPRIATION.....		\$ 92,768,100
9	Federal revenues:		
10	USDA, multiple grants.....		6,363,700
11	EPA, multiple grants.....		1,313,100
12	HHS, multiple grants.....		2,520,600
13	Department of Interior.....		273,800
14	Total federal revenues.....		10,471,200
15	Special revenue funds:		
16	Private - Slow the Spread Foundation.....		21,100
17	Private - commodity group revenue.....		109,600
18	Total private revenues.....		130,700
19	Agriculture preservation fund.....		609,800
20	Agriculture equine industry development fund.....		3,667,200
21	Agriculture licensing and inspection fees.....		4,107,400
22	Animal welfare fund.....		193,300
23	Commodity inspection fees.....		516,000
24	Consumer and industry food safety education fund.....		355,400
25	Dairy and food safety fund.....		4,983,800
26	Feed control fund.....		1,135,200
27	Fertilizer control fund.....		762,600

1	Freshwater protection fund.....	6,401,300
2	Gasoline inspection and testing fund.....	1,990,200
3	Grain dealers fee fund.....	615,000
4	Horticulture fund.....	38,800
5	Industry support funds.....	433,300
6	Migratory labor housing fund.....	167,800
7	Nonretail liquor fees.....	904,200
8	Private forestland enhancement fund.....	288,200
9	Refined petroleum fund.....	2,373,200
10	Rural development fund.....	2,000,000
11	Testing fees.....	293,100
12	Weights and measures regulation fees.....	793,500
13	Total other state restricted revenues.....	32,629,300
14	State general fund/general purpose.....	\$ 49,536,900
15	State general fund/general purpose schedule:	
16	Ongoing state general fund/general	
17	purpose .....	49,336,800
18	One-time state general fund/general	
19	purpose .....	200,100
20	<b>Sec. 102. DEPARTMENTWIDE</b>	
21	Full-time equated unclassified positions.....	6.0
22	Full-time equated classified positions.....	32.0
23	Commissions and boards.....	\$ 23,800
24	Unclassified positions.....	545,900
25	Executive direction--9.0 FTE positions.....	1,413,500
26	Operational services--19.0 FTE positions.....	1,882,700
27	Statistical reporting service--1.0 FTE position.....	153,600

1	Emergency management--3.0 FTE positions .....	614,600
2	Accounting service center .....	1,141,600
3	Building occupancy charges .....	<u>631,200</u>
4	GROSS APPROPRIATION .....	\$ 6,406,900
5	Appropriated from:	
6	Federal revenues:	
7	HHS, multiple grants .....	331,900
8	Special revenue funds:	
9	Private - commodity group revenue .....	79,100
10	Agriculture preservation fund .....	15,200
11	Agriculture licensing and inspection fees .....	263,900
12	Commodity inspection fees .....	1,100
13	Dairy and food safety fund .....	416,900
14	Feed control fund .....	38,900
15	Fertilizer control fund .....	24,000
16	Freshwater protection fund .....	67,500
17	Gasoline inspection and testing fund .....	80,000
18	Grain dealers fee fund .....	7,900
19	Industry support funds .....	54,300
20	Migratory labor housing fund .....	28,600
21	Nonretail liquor fees .....	28,100
22	State general fund/general purpose .....	\$ 4,969,500
23	<b>Sec. 103. INFORMATION AND TECHNOLOGY</b>	
24	Information technology services and projects .....	\$ <u>1,768,500</u>
25	GROSS APPROPRIATION .....	\$ 1,768,500
26	Appropriated from:	
27	Interdepartmental grant revenues:	

1	IDG from LARA, liquor quality testing fees .....	3,200
2	Special revenue funds:	
3	Agriculture preservation fund .....	200
4	Agriculture licensing and inspection fees .....	93,800
5	Dairy and food safety fund .....	61,200
6	Freshwater protection fund .....	100
7	Gasoline inspection and testing fund .....	31,800
8	Nonretail liquor fees .....	500
9	State general fund/general purpose .....	\$ 1,577,700
10	<b>Sec. 104. FOOD AND DAIRY</b>	
11	Full-time equated classified positions ..... 123.0	
12	Food safety and quality assurance--93.0 FTE positions	\$ 14,755,400
13	Milk safety and quality assurance--30.0 FTE positions	<u>4,260,100</u>
14	GROSS APPROPRIATION .....	\$ 19,015,500
15	Appropriated from:	
16	Federal revenues:	
17	USDA, multiple grants .....	136,300
18	HHS, multiple grants .....	1,193,800
19	Special revenues funds:	
20	Consumer and industry food safety education fund .....	355,400
21	Dairy and food safety fund .....	4,434,500
22	State general fund/general purpose .....	\$ 12,895,500
23	<b>Sec. 105. ANIMAL INDUSTRY</b>	
24	Full-time equated classified positions ..... 60.0	
25	Animal disease prevention and response--60.0 FTE	
26	positions .....	\$ 9,054,500
27	Indemnification--livestock depredation .....	<u>50,000</u>

1	GROSS APPROPRIATION.....	\$	9,104,500
2	Appropriated from:		
3	Federal revenues:		
4	USDA, multiple grants.....		527,900
5	Department of Interior.....		50,800
6	HHS, multiple grants.....		46,600
7	Special revenue funds:		
8	Private - commodity group revenue.....		30,500
9	Agriculture licensing and inspection fees.....		59,300
10	Animal welfare fund.....		193,300
11	State general fund/general purpose.....	\$	8,196,100
12	<b>Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT</b>		
13	Full-time equated classified positions.....	92.0	
14	Pesticide and plant pest management--86.0 FTE		
15	positions .....	\$	13,672,000
16	Producer security/grain dealers--6.0 FTE positions ...		<u>653,500</u>
17	GROSS APPROPRIATION.....	\$	14,325,500
18	Appropriated from:		
19	Federal revenues:		
20	USDA, multiple grants.....		843,800
21	EPA, multiple grants.....		533,100
22	Department of Interior.....		101,700
23	HHS, multiple grants.....		325,000
24	Special revenue funds:		
25	Private - Slow the Spread Foundation.....		21,100
26	Agriculture licensing and inspection fees.....		3,611,600
27	Commodity inspection fees.....		514,900

1	Feed control fund.....	948,600
2	Fertilizer control fund.....	738,600
3	Freshwater protection fund.....	153,900
4	Grain dealers fee fund.....	607,100
5	Horticulture fund.....	38,800
6	Industry support funds.....	246,400
7	State general fund/general purpose.....	\$ 5,640,900
8	<b>Sec. 107. ENVIRONMENTAL STEWARDSHIP</b>	
9	Full-time equated classified positions.....	55.0
10	MAEAP - environmental stewardship--23.0 FTE positions	\$ 9,146,800
11	Farmland and open space preservation--7.0 FTE	
12	positions .....	1,422,100
13	Qualified forest program--9.0 FTE positions .....	2,582,700
14	Migrant labor housing--9.0 FTE positions .....	1,199,400
15	Right-to-farm--3.0 FTE positions .....	577,600
16	Intercounty drain--4.0 FTE positions .....	<u>484,400</u>
17	GROSS APPROPRIATION.....	\$ 15,413,000
18	Appropriated from:	
19	Interdepartmental grant revenues:	
20	IDG from MDEQ, biosolids.....	103,100
21	Federal revenues:	
22	USDA, multiple grants.....	922,300
23	Department of Interior.....	121,300
24	EPA, multiple grants.....	608,300
25	Special revenue funds:	
26	Agriculture preservation fund.....	594,400
27	Freshwater protection fund.....	6,179,800

1	Migratory labor housing fund.....		139,200
2	Private forestland enhancement fund.....		288,200
3	State general fund/general purpose.....	\$	6,456,400
4	<b>Sec. 108. LABORATORY PROGRAM</b>		
5	Full-time equated classified positions.....	96.0	
6	Laboratory services--42.0 FTE positions.....	\$	6,411,000
7	USDA monitoring--13.0 FTE positions.....		1,616,500
8	Diagnostic center for population and animal health...		1,000,000
9	Consumer protection program--41.0 FTE positions.....		<u>5,817,400</u>
10	GROSS APPROPRIATION.....	\$	14,844,900
11	Appropriated from:		
12	Interdepartmental grant revenues:		
13	IDG from LARA, liquor quality testing fees.....		216,900
14	Federal revenues:		
15	USDA, multiple grants.....		1,617,400
16	EPA, multiple grants.....		171,700
17	HHS, multiple grants.....		623,300
18	Special revenue funds:		
19	Agriculture licensing and inspection fees.....		78,800
20	Dairy and food safety fund.....		71,200
21	Feed control fund.....		147,700
22	Gasoline inspection and testing fund.....		1,878,400
23	Refined petroleum fund.....		2,373,200
24	Testing fees.....		293,100
25	Weights and measures regulation fees.....		793,500
26	State general fund/general purpose.....	\$	6,579,700
27	<b>Sec. 109. AGRICULTURAL DEVELOPMENT</b>		



1	Full-time equated classified positions.....	15.0	
2	Agricultural development--11.0 FTE positions .....		\$ 3,604,200
3	Grape and wine program--3.0 FTE positions .....		921,000
4	Rural development fund grant program--1.0 FTE position		2,000,000
5	Value-added grants.....		<u>1,500,000</u>
6	GROSS APPROPRIATION.....		\$ 8,025,200
7	Appropriated from:		
8	Federal revenues:		
9	USDA, multiple grants.....		2,316,000
10	Special revenue funds:		
11	Industry support funds.....		132,600
12	Nonretail liquor fees.....		875,600
13	Rural development fund.....		2,000,000
14	State general fund/general purpose.....		\$ 2,701,000
15	<b>Sec. 110. FAIRS AND EXPOSITIONS</b>		
16	Fairs and racing.....		\$ 256,600
17	County fairs capital improvement grants.....		300,000
18	Shows and expositions.....		20,000
19	Purses and supplements - fairs/licensed tracks.....		708,300
20	Licensed tracks - light horse racing.....		40,300
21	Light horse racing - breeders' awards.....		20,000
22	Standardbred breeders' awards.....		345,900
23	Standardbred purses and supplements - licensed tracks		671,800
24	Standardbred sire stakes.....		275,000
25	Thoroughbred supplements - licensed tracks.....		601,900
26	Thoroughbred breeders' awards.....		368,600
27	Thoroughbred sire stakes.....		<u>378,800</u>

1	GROSS APPROPRIATION.....	\$	3,987,200
2	Appropriated from:		
3	Special revenue funds:		
4	Agriculture equine industry development fund.....		3,667,200
5	State general fund/general purpose.....	\$	320,000
6	<b>Sec. 111. ONE-TIME APPROPRIATIONS</b>		
7	Eastern market food innovation zone.....	\$	200,000
8	Muskegon farmer's market food incubator.....		<u>100</u>
9	GROSS APPROPRIATION.....	\$	200,100
10	Appropriated from:		
11	State general fund/general purpose.....	\$	200,100

12 PART 2

13 PROVISIONS CONCERNING APPROPRIATIONS

14 FOR FISCAL YEAR 2016-2017

15 **GENERAL SECTIONS**

16 Sec. 201. Pursuant to section 30 of article IX of the state

17 constitution of 1963, total state spending from state resources

18 under part 1 for fiscal year 2016-2017 is \$82,166,200.00 and state

19 spending from state resources to be paid to local units of

20 government for fiscal year 2016-2017 is \$4,750,000.00. The itemized

21 statement below identifies appropriations from which spending to

22 local units of government will occur:

23 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

24	MAEAP environmental stewardship.....	\$	3,250,000
25	Qualified forest program.....		<u>1,500,000</u>

1 TOTAL..... \$ 4,750,000

2 Sec. 202. The appropriations authorized under part 1 and this  
3 part are subject to the management and budget act, 1984 PA 431, MCL  
4 18.1101 to 18.1594.

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

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

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

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

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

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

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

16 (g) "IDG" means interdepartmental grant.

17 (h) "LARA" means the Michigan department of licensing and  
18 regulatory affairs.

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

20 (j) "MAEAP" means the Michigan agriculture environmental  
21 assurance program.

22 (k) "MDEQ" means the Michigan department of environmental  
23 quality.

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

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

26 (n) "Subcommittees" means all members of the subcommittees of  
27 the house and senate appropriations committees with jurisdiction

1 over the budget for the department.

2 (o) "TB" means tuberculosis.

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

4 Sec. 205. In addition to the metrics required under section  
5 447 of the management and budget act, 1984 PA 431, MCL 18.1447, for  
6 each new program or program enhancement for which funds in excess  
7 of \$500,000.00 are appropriated in part 1, the department shall  
8 provide not later than November 1, 2016 a list of program-specific  
9 metrics intended to measure its performance based on a return on  
10 taxpayer investment. The department shall deliver the program-  
11 specific metrics to members of the senate and house subcommittees  
12 that have subject matter jurisdiction for this budget, fiscal  
13 agencies, and the state budget director. The department shall  
14 provide an update on its progress in tracking program-specific  
15 metrics and the status of program success at an appropriations  
16 subcommittee meeting called for by the subcommittee chair.

17 Sec. 206. (1) In addition to the funds appropriated in part 1,  
18 there is appropriated an amount not to exceed \$5,000,000.00 for  
19 federal contingency funds. These funds are not available for  
20 expenditure until they have been transferred to another line item  
21 in part 1 under section 393(2) of the management and budget act,  
22 1984 PA 431, MCL 18.1393.

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

1 1984 PA 431, MCL 18.1393.

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

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

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

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

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

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

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

25 (e) Job specifications and wage rates.

26 Sec. 208. The departments and agencies receiving  
27 appropriations in part 1 shall use the Internet to fulfill the

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

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

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

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

27       Sec. 215. The department shall not take disciplinary action

1 against an employee for communicating with a member of the  
2 legislature or his or her staff.

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

13       (a) The dates of each travel occurrence.

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

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

1       Sec. 229. Within 14 days after the release of the executive  
2 budget recommendation, the department shall cooperate with the  
3 state budget office to provide the senate and house appropriations  
4 chairs, the senate and house appropriations subcommittees on  
5 agriculture and rural development, respectively, and the senate and  
6 house fiscal agencies with an annual report on estimated state  
7 restricted fund balances, state restricted fund projected revenues,  
8 and state restricted fund expenditures for the fiscal years ending  
9 September 30, 2016 and September 30, 2017.

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

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

20       Sec. 232. Total authorized appropriations from all sources  
21 under part 1 for legacy costs for the fiscal year ending September  
22 30, 2017 is \$11,911,300.00. From this amount, total agency  
23 appropriations for pension-related legacy costs are estimated at  
24 \$6,604,500.00. Total agency appropriations for retiree health care  
25 legacy costs are estimated at \$5,306,800.00.

26    DEPARTMENTWIDE



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

6       (a) Management services publications.

7       (b) Management services audit and licensing functions.

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

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

11      (e) Laboratory support testing for testing horses in draft  
12 horse pulling contests at county fairs when local jurisdictions  
13 request state assistance.

14      (f) Laboratory support analyses to determine foreign  
15 substances in horses engaged in racing or pulling contests at  
16 tracks.

17      (g) Laboratory support analyses of food, livestock, and  
18 agricultural products for disease, foreign products for disease,  
19 toxic materials, foreign substances, and quality standards.

20      (h) Laboratory support test samples for other agencies and  
21 organizations.

22      (i) Fruit and vegetable inspection at shipping and termination  
23 points and processing plants.

24      (2) The department may receive and expend revenue from the  
25 fees authorized under subsection (1), subject to appropriation, for  
26 the purpose of recovering expenses associated with the work  
27 activities and services described in subsection (1). Fee revenue

1 collected by the department under subsection (1) shall not lapse to  
2 the state general fund at the end of the fiscal year but shall  
3 carry forward for appropriation by the legislature in the  
4 subsequent fiscal year.

5 (3) The department shall notify the subcommittees and the  
6 fiscal agencies 30 days prior to proposing changes in fees  
7 authorized under this section or under section 5 of 1915 PA 91, MCL  
8 285.35.

9 (4) The department shall post on its website a list detailing  
10 all the fees charged by the department under the authorization  
11 provided in this section, including, but not limited to, rates,  
12 number of individuals paying each fee, and the revenue generated by  
13 each fee in the previous fiscal year. Notification of the location  
14 of the report on the website shall be sent to the subcommittees,  
15 fiscal agencies, and state budget office by February 1 of each  
16 year.

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

25 Sec. 303. It is the intent of the legislature that the  
26 department use revenue from licensing and inspection fees to  
27 increase the use of technology in licensing and inspection

1 activities to make licensing and inspection functions, including  
2 reporting, more efficient. The department shall work to ensure that  
3 all license and registration applications can be completed online  
4 through a secure web portal.

5 **FOOD AND DAIRY**

6 Sec. 402. The department shall provide information on  
7 significant food-borne outbreaks and emergencies, including any  
8 enforcement actions taken related to food safety during the  
9 immediately preceding fiscal year in the food and dairy annual  
10 report and post that report on the department's website no later  
11 than April 1. The department shall provide electronic notification  
12 of where the report can be found on the department's website to the  
13 appropriation subcommittees, fiscal agencies, and state budget  
14 office.

15 Sec. 403. The department will establish an on-farm food safety  
16 program to assist farmers impacted by the new Food and Drug  
17 Administration food safety modernization act, Public Law 111-353  
18 requirements. The purpose of this new program is to create a state  
19 and local partnership to provide training, education, and technical  
20 assistance to Michigan farmers in order for them to be compliant  
21 with these federal requirements. The department will track the  
22 outcomes of the program to determine the number of farmers that  
23 were provided assistance and the number of farms that complete a  
24 food safety plan as a result of this program.

25 **ANIMAL INDUSTRY**

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

7       Sec. 453. (1) From the funds appropriated in part 1, the  
8 department may provide for indemnity as provided for pursuant to  
9 the animal industry act, 1988 PA 466, MCL 287.701 to 287.746.

10       (2) From the funds appropriated in part 1 for indemnification  
11 - livestock depredation, the department may provide for indemnity  
12 as provided for pursuant to the wildlife depredations  
13 indemnification act, 2012 PA 487, MCL 285.361 to 285.365.

14       Sec. 457. On or before October 15 of the current fiscal year  
15 and on a quarterly basis thereafter, the department shall report to  
16 the senate and house agriculture committees, the subcommittees, and  
17 the fiscal agencies on the department's progress toward meeting the  
18 USDA requirements as outlined in the March 2014 bovine TB program  
19 review. The report shall include, but is not limited to,  
20 information and data on: wildlife risk mitigation plan  
21 implementation in the modified accredited zone; implementation of a  
22 movement certificate process; progress toward annual surveillance  
23 test requirements; efforts to work with slaughter facilities in  
24 Michigan, as well as those that slaughter a significant number of  
25 animals from Michigan; educational programs and information for  
26 Michigan's livestock community; any other item the legislature  
27 should be aware of that will promote or hinder efforts to achieve

1 bovine TB-free status for Michigan.

2       Sec. 458. From the funds appropriated in part 1 for animal  
3 industry, the department shall provide inspection and testing of  
4 aquaculture facilities and aquaculture researchers as provided  
5 under section 7 of the Michigan aquaculture development act, 1996  
6 PA 199, MCL 286.877.

7       Sec. 459. It is the intent of the legislature that the  
8 department shall not conduct whole herd bovine TB testing on any 1  
9 herd in a TB-free zone more often than every 4 years or re-test  
10 until all other herds in their county have been tested, unless  
11 involved in an epidemiological investigation, there is an outbreak  
12 within a 10-radius-mile area, or is not on a verified wildlife risk  
13 mitigated premises. If there is an outbreak within a 10-radius-mile  
14 area, protocols outlined by the current memorandum of understanding  
15 with the USDA shall be used.

#### 16 **ENVIRONMENTAL STEWARDSHIP**

17       Sec. 501. The funds appropriated in part 1 for environmental  
18 stewardship/MAEAP shall be used to support department agriculture  
19 pollution prevention programs, including groundwater and freshwater  
20 protection programs under part 87 of the Michigan natural resources  
21 and environmental protection act, 1994 PA 451, MCL 324.8701 to  
22 324.8717, and technical assistance in implementing conservation  
23 grants available under the federal farm bill of 2014.

24       Sec. 504. (1) Federal revenues authorized by and available  
25 from the federal government in excess of the appropriation in part  
26 1 under section 107 are appropriated and may be received and

1 expended by the department for purposes authorized under state law  
2 and subject to federal requirements.

3 (2) The department shall notify the subcommittees and fiscal  
4 agencies prior to expending federal revenues received and  
5 appropriated under subsection (1).

6 Sec. 508. (1) The appropriations in part 1 for qualified  
7 forest affidavit program are for the purpose of increasing the  
8 knowledge of nonindustrial private forestland owners of sound  
9 forest management practices and increasing the amount of commercial  
10 timber production from those lands.

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

#### 15 **LABORATORY PROGRAM**

16 Sec. 601. The program will increase turnaround times in the  
17 Geagley laboratory from 30%-50% to 75%-80% and implement a risk-  
18 based inspection program on devices and package content in the  
19 consumer protection program in the current fiscal year. The purpose  
20 of these programs is to ensure the protection of consumers from  
21 economic harm due to labeling or measurement fraud and to ensure  
22 the safety of the food supply. The department will track the  
23 outcome of the program by measuring sample analysis turnaround  
24 times and the percentage of compliant measurement devices inspected  
25 in the fiscal year.

1    **AGRICULTURE DEVELOPMENT**

2           Sec. 701. (1) The department shall establish and administer a  
3   rural development value-added grant program. The program shall  
4   promote the expansion of value-added agricultural production,  
5   processing, and access within the state.

6           (2) In addition to the funds appropriated in part 1, the  
7   department of agriculture and rural development may receive and  
8   expend funds received from outside sources for rural development  
9   value-added grants.

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

18          (4) A joint evaluation committee shall be selected by the  
19   director with representatives with agriculture, business, and  
20   economic development expertise. The joint evaluation committee  
21   shall identify criteria, evaluate applications, and provide  
22   recommendations to the director for final approval of grant awards.

23          (5) The department may expend money from the funds  
24   appropriated in part 1 for the rural development value-added grants  
25   for administering the program.

26          (6) The unexpended portion of the rural development value-  
27   added grant program is considered a work project appropriation in

1 accordance with the management and budget act, 1984 PA 431, MCL  
2 18.1101 to 18.1594.

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

8 (8) The department shall make available on the agency's  
9 website a list of the grantees, award amount, match funding, and  
10 project outcomes. The department shall electronically notify the  
11 appropriations subcommittees, fiscal agencies, and state budget  
12 office of the location of this list.

13 Sec. 702. The department will work with the rural development  
14 fund board to establish a process and criteria for funding projects  
15 as well as establishing metrics and measurable outcomes for the  
16 program. The funds appropriated from the rural development fund  
17 must be used in accordance with the provisions outlined in 2012 PA  
18 411.

19 Sec. 706. On or before April 1, the department shall report to  
20 the house and senate appropriations subcommittees on agriculture  
21 and rural development, and the house and senate fiscal agencies, on  
22 the department's agriculture development and export market  
23 development activities. The report shall include the following  
24 information on any grants awarded during the prior fiscal year:

25 (a) The name of the grantee.

26 (b) The amount of the grant.

27 (c) The purpose of the grant, including measurable outcomes.



1 (d) Additional state, federal, private, or local funds  
2 contributed to the grant project.

3 (e) The completion date of grant-funded activities.

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

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

10 (a) Council activities and accomplishments for the previous  
11 fiscal year.

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

15 (c) Grants awarded during the previous fiscal year and the  
16 results of research grant projects completed during the previous  
17 fiscal year.

#### 18 **FAIRS AND EXPOSITIONS**

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

24 Sec. 802. All appropriations from the agriculture equine  
25 industry development fund, except for the Michigan gaming control  
26 board's regulatory expenses and the department's expenses to

1 administer horse racing programs and laboratory analysis, shall be  
2 reduced proportionately if revenues to the agriculture equine  
3 industry development fund decline during the preceding fiscal year  
4 to a level lower than the amounts appropriated in part 1.

5 Sec. 805. (1) The department shall establish and administer a  
6 county fairs capital improvement grant program. The program shall  
7 assist in the promotion of building improvements or other capital  
8 improvements at county fairgrounds of the state.

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

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

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

20 (5) The unexpended portion of the county fairs capital  
21 improvement grant program is considered a work project  
22 appropriation in accordance with the management and budget act,  
23 1984 PA 431, MCL 18.1101 to 18.1594.

24 (6) The department shall provide a year-end report no later  
25 than December 1, 2017 to the subcommittees and the fiscal agencies,  
26 including the grantees, award amount, match funding, and project  
27 outcomes.

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

(5) The department shall provide a year-end report no later than December 1, 2017 to the subcommittees and the fiscal agencies, including the grantees, award amount, match funding, and project outcomes.

22 PART 2A

23 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

24 FOR FISCAL YEAR 2017-2018

25 **GENERAL SECTIONS**

1           Sec. 1201. It is the intent of the legislature to provide  
2   appropriations for the fiscal year ending on September 30, 2018 for  
3   the line items listed in part 1. The fiscal year 2017-2018  
4   appropriations are anticipated to be the same as those for fiscal  
5   year 2016-2017, except that the line items will be adjusted for  
6   changes in caseload and related costs, federal fund match rates,  
7   economic factors, and available revenue. These adjustments will be  
8   determined after the January 2017 consensus revenue estimating  
9   conference.