

**SUBSTITUTE FOR
SENATE BILL NO. 133**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2020; 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, 2020, from the following funds:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

APPROPRIATION SUMMARY

Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	503.5

1	GROSS APPROPRIATION.....	\$	112,745,500
2	Interdepartmental grant revenues:		
3	IDG from department of licensing and regulatory		
4	affairs, liquor quality testing fees.....		227,000
5	IDG from department of environmental quality,		
6	biosolids		91,400
7	Total interdepartmental grants and intradepartmental		
8	transfers		318,400
9	ADJUSTED GROSS APPROPRIATION.....	\$	112,427,100
10	Federal revenues:		
11	USDA, multiple grants.....		6,134,000
12	EPA, multiple grants.....		1,292,300
13	HHS-FDA.....		4,171,200
14	Department of interior.....		238,900
15	Total federal revenues.....		11,836,400
16	Special revenue funds:		
17	Total local revenues.....		0
18	Private - slow the spread foundation.....		21,300
19	Private - commodity group revenue.....		80,500
20	Total private revenues.....		101,800
21	Agricultural preservation fund.....		3,444,900
22	Agriculture equine industry development fund.....		3,667,200
23	Agriculture licensing and inspection fees.....		4,066,600
24	Animal welfare fund.....		150,000
25	Commodity inspection fees.....		656,000
26	Consumer and industry food safety education fund.....		243,000
27	Dairy and food safety fund.....		6,079,100

1	Feed control fund.....	1,318,900
2	Fertilizer control fund.....	1,103,100
3	Freshwater protection fund.....	7,981,500
4	Gasoline inspection and testing fund.....	1,455,400
5	Grain dealers fee fund.....	690,400
6	Horticulture fund.....	40,000
7	Industry food safety education fund.....	114,100
8	Industry support funds.....	486,000
9	Michigan craft beverage council fund.....	900,300
10	Migratory labor housing fund.....	169,100
11	Private forestland enhancement fund.....	795,700
12	Refined petroleum fund.....	3,353,200
13	Rural development fund.....	2,006,300
14	Testing fees.....	202,600
15	Weights and measures regulation fees.....	730,300
16	Total other state restricted revenues.....	39,653,700
17	State general fund/general purpose.....	\$ 60,835,200
18	State general fund/general purpose schedule:	
19	Ongoing state general fund/general	
20	purpose	57,835,200
21	One-time state general fund/general	
22	purpose	3,000,000
23	Sec. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT	
24	Full-time equated unclassified positions.....	6.0
25	Full-time equated classified positions.....	27.0
26	Unclassified salaries--6.0 FTE positions.....	\$ 596,700
27	Accounting service center.....	1,011,300

1	Commissions and boards.....	23,800
2	Emergency management--5.0 FTE positions.....	1,301,300
3	Executive direction--22.0 FTE positions.....	2,958,700
4	Property management.....	<u>738,100</u>
5	GROSS APPROPRIATION.....	\$ 6,629,900
6	Appropriated from:	
7	Federal revenues:	
8	HHS-FDA.....	440,000
9	Special revenue funds:	
10	Agriculture licensing and inspection fees.....	34,500
11	Dairy and food safety fund.....	30,400
12	Feed control fund.....	3,100
13	Freshwater protection fund.....	36,100
14	Industry support funds.....	54,300
15	Michigan craft beverage council fund.....	8,800
16	Private forestland enhancement fund.....	15,600
17	State general fund/general purpose.....	\$ 6,007,100
18	Sec. 103. INFORMATION AND TECHNOLOGY	
19	Information technology services and projects.....	\$ <u>1,812,800</u>
20	GROSS APPROPRIATION.....	\$ 1,812,800
21	Appropriated from:	
22	Interdepartmental grant revenues:	
23	IDG from department of licensing and regulatory	
24	affairs, liquor quality testing fees.....	3,200
25	Special revenue funds:	
26	Agricultural preservation fund.....	200
27	Agriculture licensing and inspection fees.....	93,800

1	Dairy and food safety fund.....		61,200
2	Freshwater protection fund.....		100
3	Gasoline inspection testing fund.....		31,800
4	Michigan craft beverage council fund.....		500
5	State general fund/general purpose.....	\$	1,622,000
6	Sec. 104. FOOD AND DAIRY		
7	Full-time equated classified positions.....	132.0	
8	Food safety and quality assurance--96.0 FTE positions	\$	16,824,500
9	Milk safety and quality assurance--36.0 FTE positions		<u>5,510,700</u>
10	GROSS APPROPRIATION.....	\$	22,335,200
11	Appropriated from:		
12	Federal revenues:		
13	HHS-FDA.....		2,414,200
14	USDA, multiple grants.....		137,200
15	Special revenue funds:		
16	Consumer and industry food safety education fund.....		243,000
17	Dairy and food safety fund.....		5,484,000
18	Industry food safety education fund.....		114,100
19	State general fund/general purpose.....	\$	13,942,700
20	Sec. 105. ANIMAL INDUSTRY		
21	Full-time equated classified positions.....	61.0	
22	Animal disease prevention and response--61.0 FTE		
23	positions	\$	7,058,000
24	Michigan animal agriculture alliance.....		3,000,000
25	Indemnification--livestock depredation.....		<u>50,000</u>
26	GROSS APPROPRIATION.....	\$	10,108,000
27	Appropriated from:		

1	Federal revenues:		
2	Department of interior.....		40,800
3	HHS-FDA.....		46,600
4	USDA, multiple grants.....		531,600
5	Special revenue funds:		
6	Private - commodity group revenue.....		30,500
7	Agriculture licensing and inspection fees.....		70,300
8	Animal welfare fund.....		150,000
9	State general fund/general purpose	\$	9,238,200
10	Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT		
11	Full-time equated classified positions.....	89.0	
12	Pesticide and plant pest management--81.0 FTE		
13	positions	\$	12,259,200
14	Animal feed safety--8.0 FTE positions.....		<u>1,752,900</u>
15	GROSS APPROPRIATION.....	\$	14,012,100
16	Appropriated from:		
17	Federal revenues:		
18	Department of interior.....		101,800
19	EPA, multiple grants.....		554,800
20	HHS-FDA.....		327,900
21	USDA, multiple grants.....		719,000
22	Special revenue funds:		
23	Private - slow-the-spread foundation.....		21,300
24	Agriculture licensing and inspection fees.....		3,520,700
25	Commodity inspection fees.....		656,000
26	Feed control fund.....		1,125,000
27	Fertilizer control fund.....		1,079,000

1	Freshwater protection fund.....		156,600
2	Horticulture fund.....		40,000
3	Industry support funds.....		228,100
4	State general fund/general purpose.....	\$	5,481,900
5	Sec. 107. ENVIRONMENTAL STEWARDSHIP		
6	Full-time equated classified positions.....	65.5	
7	Agriculture preservation easement grants fund.....	\$	2,000,000
8	Environmental stewardship - MAEAP--25.0 FTE positions		10,239,000
9	Farmland and open space preservation--10.0 FTE		
10	positions		1,566,600
11	Intercounty drain-- 6.0 FTE positions		822,000
12	Migrant labor housing--9.0 FTE positions		1,298,600
13	Qualified forest program--9.0 FTE positions		2,181,100
14	Right-to-farm--6.5 FTE positions		<u>974,700</u>
15	GROSS APPROPRIATION.....	\$	19,082,000
16	Appropriated from:		
17	Interdepartmental grant revenues:		
18	IDG from department of environmental quality,		
19	biosolids		91,400
20	Federal revenues:		
21	Department of interior.....		96,300
22	EPA, multiple grants.....		561,600
23	USDA, multiple grants.....		822,300
24	Special revenue funds:		
25	Agricultural preservation fund.....		3,444,700
26	Freshwater protection fund.....		7,743,000
27	Migratory labor housing fund.....		140,100

1	Private forestland enhancement fund.....		780,100
2	State general fund/general purpose.....	\$	5,402,500
3	Sec. 108. LABORATORY SERVICES		
4	Full-time equated classified positions.....	107.0	
5	Central licensing and customer service call		
6	center--12.0 FTE positions	\$	1,355,600
7	Consumer protection program--42.0 FTE positions		6,868,300
8	Laboratory services--41.0 FTE positions.....		7,226,900
9	USDA monitoring --12.0 FTE positions.....		<u>1,647,900</u>
10	GROSS APPROPRIATION.....	\$	17,098,700
11	Appropriated from:		
12	Interdepartmental grant revenues:		
13	IDG from department of licensing and regulatory		
14	affairs, liquor quality testing fees.....		223,800
15	Federal revenues:		
16	EPA, multiple grants.....		175,900
17	HHS-FDA.....		942,500
18	USDA, multiple grants.....		1,649,100
19	Special revenue funds:		
20	Agriculture licensing and inspection fees.....		342,200
21	Dairy and food safety fund.....		503,500
22	Feed control fund.....		190,800
23	Fertilizer control fund.....		24,100
24	Freshwater protection fund.....		45,700
25	Gasoline inspection and testing fund.....		1,423,600
26	Grain dealers fee fund.....		7,900
27	Migratory labor housing fund.....		29,000

1	Refined petroleum fund.....		3,353,200
2	Testing fees.....		202,600
3	Weights and measures regulation fees.....		730,300
4	State general fund/general purpose.....	\$	7,254,500
5	Sec. 109. AGRICULTURAL DEVELOPMENT		
6	Full-time equated classified positions.....	22.0	
7	Agricultural development--13.0 FTE positions	\$	4,323,900
8	Fair food network - double up food bucks.....		2,000,000
9	Food and agriculture investment program.....		4,000,000
10	Michigan craft beverage council--3.0 FTE positions ...		940,100
11	Producer security/grain dealers--5.0 FTE positions ...		729,300
12	Rural development fund grant program--1.0 FTE		
13	position		<u>2,006,300</u>
14	GROSS APPROPRIATION.....	\$	13,999,600
15	Appropriated from:		
16	Federal revenues:		
17	USDA, multiple grants.....		2,274,800
18	Special revenue funds:		
19	Private - commodity group revenue.....		50,000
20	Agriculture licensing and inspection fees.....		5,100
21	Grain dealers fee fund.....		682,500
22	Industry support funds.....		203,600
23	Michigan craft beverage council fund.....		891,000
24	Rural development fund.....		2,006,300
25	State general fund/general purpose.....	\$	7,886,300
26	Sec. 110. FAIRS AND EXPOSITIONS		
27	County fairs, shows, and expositions grants.....	\$	1,000,000

1	Fairs and racing.....		256,600
2	Licensed tracks - light horse racing.....		40,300
3	Light horse racing - breeders' awards.....		20,000
4	Purses and supplements - fairs/licensed tracks.....		708,300
5	Standardbred breeders' awards.....		345,900
6	Standardbred purses and supplements - licensed tracks		671,800
7	Standardbred sire stakes.....		275,000
8	Thoroughbred breeders' awards.....		368,600
9	Thoroughbred sire stakes.....		378,800
10	Thoroughbred supplements - licensed tracks.....		<u>601,900</u>
11	GROSS APPROPRIATION.....	\$	4,667,200
12	Appropriated from:		
13	Special revenue funds:		
14	Agriculture equine industry development fund.....		3,667,200
15	State general fund/general purpose.....	\$	1,000,000
16	Sec. 111. ONE-TIME APPROPRIATIONS		
17	Conservation districts pilot project.....	\$	<u>3,000,000</u>
18	GROSS APPROPRIATION.....	\$	3,000,000
19	Appropriated from:		
20	Special revenue funds:		
21	State general fund/general purpose.....	\$	3,000,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2019-2020

GENERAL SECTIONS

1 Sec. 201. Pursuant to section 30 of article IX of the state
2 constitution of 1963, total state spending from state sources under
3 part 1 for fiscal year 2019-2020 is \$100,488,900.00 and state
4 spending from state sources to be paid to local units of government
5 for fiscal year 2019-2020 is \$10,950,000.00. The itemized statement
6 below identifies appropriations from which spending to local units
7 of government will occur:

8 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

9	Agriculture preservation easement grants fund.....	\$	1,900,000
10	Conservation districts pilot project.....		3,000,000
11	Environmental stewardship/MAEAP.....		4,250,000
12	Qualified forest program.....		1,000,000
13	Rural development fund grant program.....		<u>800,000</u>
14	TOTAL.....	\$	10,950,000

15 Sec. 202. The appropriations authorized under part 1 and this
16 part are subject to the management and budget act, 1984 PA 431, MCL
17 18.1101 to 18.1594.

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

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

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

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

24 (d) "FDA" means the United States Food and Drug
25 Administration.

26 (e) "Fiscal agencies" means the Michigan house fiscal agency
27 and the Michigan senate fiscal agency.

1 (f) "FTE" means full-time equated.

2 (g) "HHS" means the United States Department of Health and
3 Human Services.

4 (h) "IDG" means interdepartmental grant.

5 (i) "LARA" means the Michigan department of licensing and
6 regulatory affairs.

7 (j) "LCC" means the Michigan liquor control commission.

8 (k) "MAEAP" means the Michigan agriculture environmental
9 assurance program.

10 (l) "MDEQ" means the Michigan department of environmental
11 quality.

12 (m) "MDNR" means the Michigan department of natural resources.

13 (n) "MOU" means memorandum of understanding.

14 (o) "Subcommittees" means all members of the subcommittees of
15 the house and senate appropriations committees with jurisdiction
16 over the budget for the department.

17 (p) "TB" means tuberculosis.

18 (q) "USDA" means the United States Department of Agriculture.

19 Sec. 204. The departments and agencies receiving
20 appropriations in part 1 shall use the internet to fulfill the
21 reporting requirements of this part. This requirement may include
22 transmission of reports via electronic mail to the recipients
23 identified for each reporting requirement, or it may include
24 placement of reports on an internet or intranet site.

25 Sec. 205. Funds appropriated in part 1 shall not be used for
26 the purchase of foreign goods or services, or both, if
27 competitively priced and of comparable quality American goods or

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

8 Sec. 206. The director shall take all reasonable steps to
9 ensure businesses in deprived and depressed communities compete for
10 and perform contracts to provide services or supplies, or both.
11 Each director shall strongly encourage firms with which the
12 department contracts to subcontract with certified businesses in
13 depressed and deprived communities for services or supplies, or
14 both.

15 Sec. 207. The departments and agencies receiving
16 appropriations in part 1 shall prepare a report on out-of-state
17 travel expenses not later than January 1 of each year. The travel
18 report shall be a listing of all travel by classified and
19 unclassified employees outside this state in the immediately
20 preceding fiscal year that was funded in whole or in part with
21 funds appropriated in the department's budget. The report shall be
22 submitted to the house and senate appropriations committees, the
23 house and senate fiscal agencies, and the state budget director.
24 The report shall include the following information:

25 (a) The dates of each travel occurrence.

26 (b) The transportation and related costs of each travel
27 occurrence, including the proportion funded with state general

1 fund/general purpose revenues, the proportion funded with state
2 restricted revenues, the proportion funded with federal revenues,
3 and the proportion funded with other revenues.

4 Sec. 208. Funds appropriated in part 1 shall not be used by a
5 principal executive department, state agency, or authority to hire
6 a person to provide legal services that are the responsibility of
7 the attorney general. This prohibition does not apply to legal
8 services for bonding activities and for those outside services that
9 the attorney general authorizes.

10 Sec. 209. 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 prior fiscal year. This report shall summarize the
14 projected year-end general fund/general purpose appropriation
15 lapses by major departmental program or program areas. The report
16 shall be transmitted to the chairpersons of the senate and house of
17 representatives standing committees on appropriations and the
18 senate and house fiscal agencies.

19 Sec. 211. The department shall cooperate with the department
20 of technology, management, and budget to maintain a searchable
21 website accessible by the public at no cost that includes, but is
22 not limited to, all of the following for each department or agency:

- 23 (a) Fiscal year-to-date expenditures by category.
24 (b) Fiscal year-to-date expenditures by appropriation unit.
25 (c) Fiscal year-to-date payments to a selected vendor,
26 including the vendor name, payment date, payment amount, and
27 payment description.

1 (d) The number of active department employees by job
2 classification.

3 (e) Job specifications and wage rates.

4 Sec. 212. Within 14 days after the release of the executive
5 budget recommendation, the department shall cooperate with the
6 state budget office to provide the senate and house appropriations
7 chairs, the subcommittees, respectively, and the senate and house
8 fiscal agencies with an annual report on estimated state restricted
9 fund balances, state restricted fund projected revenues, and state
10 restricted fund expenditures for the fiscal years ending September
11 30, 2019 and September 30, 2020.

12 Sec. 213. The department shall maintain, on a publicly
13 accessible website, a department scorecard that identifies, tracks,
14 and regularly updates key metrics that are used to monitor and
15 improve the agency's performance.

16 Sec. 214. Total authorized appropriations from all sources
17 under part 1 for legacy costs for the fiscal year ending September
18 30, 2020 is \$12,028,500.00. From this amount, total agency
19 appropriations for pension-related legacy costs are estimated at
20 \$5,847,300.00. Total agency appropriations for retiree health care
21 legacy costs are estimated at \$6,181,200.00.

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

25 Sec. 234. The department and agencies receiving appropriations
26 in part 1 shall receive and retain copies of all reports funded
27 from appropriations in part 1. Federal and state guidelines for

1 short-term and long-term retention of records shall be followed.
2 The department may electronically retain copies of reports unless
3 otherwise required by federal and state guidelines.

4 **DEPARTMENTAL ADMINISTRATION AND SUPPORT**

5 Sec. 301. (1) The department may establish a fee schedule and
6 collect fees for the following work activities and services:

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

9 (b) Fruit and vegetable inspection and grading services at
10 shipping and termination points and processing plants.

11 (c) Laboratory support analyses of food, livestock, and
12 agricultural products for disease, foreign products for disease,
13 toxic materials, foreign substances, and quality standards.

14 (d) Laboratory support test samples for other state and local
15 agencies and public or private organizations.

16 (2) The department may receive and expend revenue from the
17 fees authorized under subsection (1), subject to appropriation, for
18 the purpose of recovering expenses associated with the work
19 activities and services described in subsection (1). Fee revenue
20 collected by the department under subsection (1) shall not lapse to
21 the state general fund at the end of the fiscal year but shall
22 carry forward for appropriation by the legislature in the
23 subsequent fiscal year.

24 (3) The department shall notify the subcommittees, the fiscal
25 agencies, and the state budget office 30 days prior to proposing
26 changes in fees authorized under this section or under section 5 of

1 1915 PA 91, MCL 285.35.

2 (4) On or before February 1 of each year, the department shall
3 provide a report to the subcommittees, the fiscal agencies, and the
4 state budget office detailing all the fees charged by the
5 department under the authorization provided in this section,
6 including, but not limited to, rates, number of individuals paying
7 each fee, and the revenue generated by each fee in the previous
8 fiscal year.

9 Sec. 302. (1) The department may contract with or provide
10 grants to local units of government, institutions of higher
11 education, or nonprofit organizations to support activities
12 authorized by appropriations in part 1. As used in this section,
13 contracts and grants include, but are not limited to, contracts for
14 delivery of groundwater/freshwater programs, MAEAP technical
15 assistance, forest management, invasive species monitoring,
16 wildlife risk mitigation, grants promoting proper pesticide
17 disposal, and research grants for the purpose of enhancing the
18 agricultural industries in this state.

19 (2) The department shall provide notice of contracts or grants
20 authorized under this section to the subcommittees, the fiscal
21 agencies, and the state budget office not later than 7 days before
22 the department notifies contract or grant recipients.

23 **FOOD AND DAIRY**

24 Sec. 401. (1) The department shall report on the previous
25 fiscal year's activities of the food and dairy division. The report
26 shall include information on activities and outcomes of the dairy

1 safety and inspection program, the food safety inspection program,
2 the foodborne illness and emergency response program, and the food
3 service program.

4 (2) The report shall include information on significant
5 foodborne outbreaks and emergencies, including any significant
6 enforcement actions taken related to food safety during the prior
7 calendar year.

8 (3) The report shall be transmitted to the subcommittees, the
9 fiscal agencies, and the state budget office and posted to the
10 department's website on or before April 1 of each year.

11 ANIMAL INDUSTRY

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

18 Sec. 452. (1) The department shall report on the previous
19 calendar year's activities of the animal industry division. The
20 report shall be transmitted to the subcommittees, the fiscal
21 agencies, and the state budget office and posted to the
22 department's website on or before April 1 of each year.

23 (2) The department shall include in the report all
24 indemnification payments for livestock depredation made in the
25 previous calendar year and shall include all of the following:

26 (a) The reason for the indemnification.

1 (b) The amount of the indemnification.

2 (c) The person for whom the indemnification was paid.

3 Sec. 454. The department shall use its resources to
4 collaborate with the USDA to monitor bovine TB, consistent with the
5 May 2016 memorandum of understanding between the department and the
6 USDA.

7 Sec. 457. (1) On or before October 15, 2019, the department
8 shall provide to the subcommittees, the fiscal agencies, and the
9 state budget office a report on bovine TB status and department
10 activities.

11 (2) For each fiscal quarter following the report required in
12 subsection (1), the department shall provide an update to the
13 subcommittees, the fiscal agencies, and the state budget office.
14 The quarterly update reports shall identify significant impacts to
15 the program, including new incidence of bovine TB in this state,
16 department activity associated with specific new incidence of
17 bovine TB, any changes in USDA requirements or movement orders, and
18 information and data on wildlife risk mitigation plan
19 implementation in the modified accredited zone; implementation of a
20 movement certificate process; progress toward annual surveillance
21 test requirements; efforts to work with slaughter facilities in
22 this state, as well as those that slaughter a significant number of
23 animals from this state; educational programs and information for
24 this state's livestock community; and any other item the
25 legislature should be aware of that will promote or hinder efforts
26 to achieve bovine TB-free status for this state.

1 **PESTICIDE AND PLANT PEST MANAGEMENT**

2 Sec. 501. The department shall report on the previous calendar
3 year's activities of the pesticide and plant pest management
4 division. The report shall be transmitted to the subcommittees, the
5 fiscal agencies, and the state budget office and posted to the
6 department's website on or before April 1 of each year.

7 **ENVIRONMENTAL STEWARDSHIP**

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

15 Sec. 602. The department shall report on the previous calendar
16 year's activities of the environmental stewardship division. The
17 report shall be transmitted to the subcommittees, the fiscal
18 agencies, and the state budget office and posted to the
19 department's website on or before April 1 of each year.

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

25 (2) The department shall work in partnership with stakeholder
26 groups and other state and federal agencies to increase the active

1 management of nonindustrial private forestland to foster the growth
2 of Michigan's timber product industry.

3 **LABORATORY PROGRAM**

4 Sec. 651. The department shall report on the previous calendar
5 year's activities of the laboratory division. The report shall be
6 transmitted to the subcommittees, the fiscal agencies, and the
7 state budget office and posted to the department's website on or
8 before April 1 of each year.

9 **AGRICULTURE DEVELOPMENT**

10 Sec. 701. (1) From the funds appropriated in part 1 for the
11 food and agriculture investment program, the department shall
12 establish and administer a food and agriculture investment program.

13 (2) The food and agriculture investment program shall expand
14 the Michigan food and agriculture sector, grow Michigan exports,
15 promote the development of value-added agricultural production,
16 food hubs, food incubators, and community-based processing
17 facilities, and the expansion of farm markets and urban
18 agriculture, and increase food processing activities within the
19 state by accelerating projects and infrastructure development that
20 support growth in the food and agriculture processing industry.

21 (3) In addition to the funds appropriated in part 1, the
22 department may receive and expend funds received from outside
23 sources for the food and agriculture investment program.

24 (4) Before the allocation of funding, all projects shall
25 receive approval from the Michigan commission of agriculture and

1 rural development, except for projects selected through a
2 competitive process by a joint evaluation committee selected by the
3 director and consisting of representatives that have agriculture,
4 business, and economic development expertise. Projects funded
5 through the food and agriculture investment program will be
6 required to have a grant agreement that outlines milestones and
7 activities that must be met in order to receive a disbursement of
8 funds. Projects must also identify measurable project outcomes.

9 (5) The department shall include in the agriculture
10 development annual report a report on the food and agriculture
11 investment program for the previous fiscal year that includes a
12 listing of the grantees, award amounts, match funding, project
13 locations, and project outcomes.

14 (6) The food and agriculture investment program shall be
15 administered by the department and provide support for food and
16 agriculture projects that will enable growth in the industry and
17 this state's economy.

18 (7) The unexpended funds appropriated in part 1 for the food
19 and agriculture investment program are designated as a work project
20 appropriation, and any unencumbered or unallotted funds shall not
21 lapse at the end of the fiscal year and shall be available for
22 expenditures for projects under this section until the projects
23 have been completed. The following is in compliance with section
24 451a(1) of the management and budget act, 1984 PA 431, MCL
25 18.1451a:

26 (a) The purpose of the project is to promote and expand the
27 Michigan food and agriculture sector, grow Michigan exports, and

1 increase food processing activities within the state.

2 (b) The project will be funded in accordance with this section
3 and the project guidelines approved by the Michigan agriculture
4 commission prior to an award.

5 (c) The estimated cost of this project is identified in the
6 appropriation line item.

7 (d) The tentative completion date for the work project is
8 September 30, 2022.

9 (8) The department may expend money from the funds
10 appropriated in part 1 for the food and agriculture investment
11 program, including all of the following activities:

12 (a) Grants.

13 (b) Loans or loan guarantees.

14 (c) Infrastructure development.

15 (d) Other economic assistance.

16 (e) Program administration.

17 (f) Export assistance.

18 (9) The department shall expend no more than 10% from the
19 funds appropriated in part 1 for the food and agriculture
20 investment program for administrative purposes.

21 Sec. 706. (1) The department shall report on the previous
22 calendar year's activities of the agriculture development division.
23 The report shall be transmitted to the subcommittees, the fiscal
24 agencies, and the state budget office and posted to the
25 department's website on or before April 1 of each year.

26 (2) The report shall include the following information on any
27 grants awarded during the prior fiscal year:

1 (a) The name of the grantee.

2 (b) The amount of the grant.

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

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

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

7 (3) The report shall include the following information on the
8 Michigan craft beverage council established under section 303 of
9 the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1303:

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. From the funds appropriated in part 1 from
25 agriculture equine industry development funds, available revenue
26 shall be allocated in the following priority order:

1 (a) To support all administrative, contractual, and regulatory
2 costs incurred by the department and the Michigan gaming control
3 board.

4 (b) Any remaining funds collected through September 30, 2020,
5 after the obligations in subdivision (a) have been met, shall be
6 prorated equally among the supplements, including the fairs and
7 licensed tracks, breeders' awards, and sire stakes awards to
8 eligible race meeting licensees in accordance with section 20 of
9 the horse racing law of 1995, 1995 PA 279, MCL 431.320.

10 Sec. 805. (1) The department shall establish and administer a
11 county fairs, shows, and expositions grant program. The program
12 shall have the following objectives:

13 (a) Assist in the promotion of building improvements or other
14 capital improvements at county fairgrounds of the state.

15 (b) Provide financial support, promotion, prizes, and premiums
16 of equine, livestock, and other agricultural commodity expositions
17 in the state.

18 (2) The department shall award grants on a competitive basis
19 to county fairs or other organizations from the funds appropriated
20 in part 1 for county fairs, shows, and expositions grants. Grantees
21 will be required to provide a 50% cash match with grant awards and
22 identify measurable project outcomes. A county fair organization
23 that received a county fair capital improvement grant in the prior
24 fiscal year shall not receive a grant from the appropriation in
25 part 1.

26 (3) From the amount appropriated in part 1 for county fairs,
27 shows, and expositions, up to \$25,000.00 shall be expended for the

1 purpose of financial support, promotion, prizes, and premiums of
2 equine, livestock, and other agricultural commodity expositions in
3 this state, and festivals.

4 (4) From the amount appropriated in part 1 for county fairs,
5 shows, and expositions, \$50,000.00 shall be expended for the
6 promotion of festivals in the state.

7 (5) All fairs receiving grants under this section shall
8 provide a report to the department on the financial impact
9 resulting from the capital improvement project on both fair and
10 nonfair events. These reports are due for 3 years immediately
11 following the completion of the capital improvement project.

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

15 (7) The department may expend money from the funds
16 appropriated in part 1 for the county fairs, shows, and expositions
17 grants for administering the program.

18 (8) The unexpended portion of the county fairs, shows, and
19 expositions grants is considered a work project appropriation in
20 accordance with section 451a of the management and budget act, 1984
21 PA 431, MCL 18.1451a. The following apply to the project:

22 (a) The purpose of the project is to support building
23 improvements or other capital improvements at county fairgrounds of
24 the state.

25 (b) All grants will be distributed in accordance with this
26 section and the grant guidelines published prior to the request for
27 proposals.

1 (c) The estimated cost of the project is identified in the
2 appropriation line item.

3 (d) The tentative completion date for the work project is
4 September 30, 2020.

5 (9) The department shall provide a year-end report on the
6 county fairs, shows, and expositions grants no later than December
7 1, 2020 to the subcommittees, the fiscal agencies, and the state
8 budget director that includes a listing of the grantees, award
9 amounts, match funding, and project outcomes.

10 **ONE-TIME APPROPRIATIONS**

11 Sec. 901. The amount appropriated in part 1 for conservation
12 districts pilot project shall be distributed in equal amounts to
13 each conservation district in the state, to be used to develop a
14 natural resources assessment. The assessment shall describe the
15 conservation district and identify, at a minimum, the top 5 natural
16 resources needs for each district. The funds shall also be used for
17 the development of a business plan on how the conservation district
18 will implement the programs and services necessary to meet the top
19 5 natural resource needs in the district. Conservation districts
20 shall submit their natural resources assessment and business plans
21 to the department and subcommittees by September 30, 2020.