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BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

• (517) 373-5383

MICHIGAN SENATE LIBRARY

PUBLIC ACT 24 of 1990

Senate Bill 6 (as enrolled)

Sponsor: Senator Nick Smith

Senate Committee: Agriculture and Forestry

House Committee: Corrections

Date Completed: 1-24-91

RATIONALE

As part of the operation of the State Prison of Southern Michigan, in Jackson, the prison operates a dairy farm, raises cattle and hogs, and grows a variety of crops. Until 1986, when the prison itself managed the farm, crops, milk products, and livestock produced on the farm were sold on the open market. Since the farm's operation came under the management of the Michigan State Industries (MSI), within the Department of Corrections, and because of provisions in the Correctional Industries Act, these products now can be used only within the prison system and cannot be sold to the general public. Some people are concerned that the prohibition against selling these products outside the system is too restrictive and actually may be costing the Department money, rather than being a cost-saving measure.

CONTENT

Senate Bill 6 would amend the Correctional Industries Act to require that an agricultural product produced on a correctional farm, unless it was used in the correctional institutions or sold to an institution, a governmental agency, or certain tax-exempt organizations, be made available at no charge to nonprofit charitable organizations or to the Department of Social Services for use in food banks, bulk food distributions, or similar charitable food distribution programs. The bill specifies that this provision would not apply to an agricultural product that was not in a form suitable for use as described in the bill, such as bulk grain, live cattle and hogs, which could be sold on the open market.

MCL 800.326

FISCAL IMPACT

The bill would have no fiscal impact on GF/GP State expenditures in FY 1990-91. Michigan State Industries is self-supporting and will receive no GF/GP funding during FY 1990-91. Net proceeds from the sale of agricultural commodities would be used to support current MSI operations, along with providing for expansion of MSI operations at new correctional facilities in the State.

ARGUMENTS**Supporting Argument**

The State Prison of Southern Michigan is the only prison that operates a farm in the prison system, except for a small operation at the Marquette Branch Prison. Of the 700 head of cattle and 1,200 hogs raised each year, most of the livestock is slaughtered with the meat being used to feed prisoners (although not enough is produced to feed the entire prisoner population, so additional meat is purchased on the open market). Because choice cuts of beef, such as steaks, are not used in food preparation and because MSI officials are prohibited from selling this meat, they have no other option but to grind choice cuts into hamburger. As a result, the cattle operation loses money because of the inefficient use of the meat. MSI officials would like to be able to sell the livestock on the open market and purchase back the meat needed for the prisons. According to MSI estimates, the Department could buy twice as much meat as it sold, for the same amount of money, if MSI were permitted to sell the meat produced at Jackson prison. Under the bill, livestock could be sold on the open market, since it would not be suitable for the other uses described in the bill.

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Supporting Argument

Reportedly, there have occurred instances in which a correctional farm produced an excess amount of eggs, which resulted in the disposal of the surplus eggs that could not be consumed within the correctional system. Under the bill, an agricultural product produced on a correctional farm could be used within the correctional system or sold to certain governmental and nonprofit organizations. If it were not, however, the product would have to be made available without charge to nonprofit charitable organizations. Requiring that charitable organizations receive surplus agricultural products would aid these organizations in their efforts to feed the State's hungry and poor population, and would ensure that surplus food products were put to good use rather than going to waste.

Opposing Argument

The bill would permit the sale of certain prison agricultural products to the general public. This could provide unfair competition for local farmers and also could have an impact on agricultural prices statewide.

Response: The amount produced by the prison is considered insignificant in comparison to the amounts other producers sell on the open market and would have little effect on local or State agricultural prices.

Legislative Analyst: L. Arasim
Fiscal Analyst: B. Burghardt

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