



**Senate Fiscal Agency**  
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**BILL ANALYSIS**



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Senate Bill 453 (as enrolled)  
 Sponsor: Senator George A. McManus, Jr.  
 Senate Committee: Agriculture and Forestry  
 House Committee: Agriculture and Forestry

**PUBLIC ACT 137 of 1995**

Date Completed: 8-30-95

**RATIONALE**

The Insect Pest and Plant Disease Act requires the Director of the Department of Agriculture to have inspected at least once a year during the growing season all nurseries and nursery stock that will be stored or offered for sale in the State to determine whether they are infected with insect pests or with plant diseases, and to assess inspection fees based on the costs of making the various inspections. The interstate sale of nursery stock has been affected in recent years by infestations of the gypsy moth, the Japanese beetle, and the pine shoot beetle. In some cases, the Federal government and/or other state governments prohibit the shipment of Michigan nursery stock unless it has been inspected and certified as being free of these insect pests. Consequently, the certification requirements have increased the demands placed on the Agriculture Department to inspect and certify nursery stock to be shipped for sale outside of Michigan. Some people believe that more inspectors are needed to handle the additional inspections and that fees should be increased to help defray the costs of an inspection program.

**CONTENT**

The bill amended the Insect Pest and Plant Disease Act to require the Director of the Department of Agriculture to charge an inspection fee based on the cost to the Department of making inspections.

The Director is required to adjust the fee schedule for the costs of making the various inspections of nursery stock, plants, and plant materials as required by the Act. The Director must review and adjust the fee schedule for the inspections at the end of each fiscal year. In any given year, the Director may raise initial inspection fees by up to

50%. The Agriculture Commission also will have to approve all adjustments to the fees before they are adopted.

In addition to the annual inspection required by the Act, the bill permits any nursery owner to request that a second inspection be performed prior to offering for sale or removing or shipping from a nursery or other premises. The nursery owner or applicant must pay an inspection fee based upon the actual cost of the inspection to the Department.

MCL 286.206

**ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

**Supporting Argument**

Michigan is among a number of states in the eastern half of the country whose nursery stock is under quarantine due to infestations of the gypsy moth, Japanese beetle, and pine shoot beetle. Consequently, Michigan's nurseries cannot ship stock to western states until it has been certified as being pest free and in compliance with requirements of the importing states. This situation has required the Department of Agriculture to inspect more frequently Michigan nursery stock in order for it to be certified for shipment and sale outside of the State. The Department previously conducted an annual single inspection of these nurseries, but now it must conduct three inspections per year. Because of this additional workload, the Department needs more inspectors of nursery stock slated for sale outside of Michigan. Without the fee increase, the

Department may not be able to make the needed inspections of this stock, which could result in serious economic harm to the State's nurseries.

**Opposing Argument**

Many of the larger licensed nurseries in the State engage in interstate sales, and their stock must be inspected to meet certification requirements of the importing states. Smaller nurseries generally do not sell their stock to businesses in other states, but distribute their stock to local markets. If the fee increases are needed to cover the cost of additional inspectors to meet the inspection demands of the large nurseries, some people question whether the fees should be increased for the smaller nurseries that do not ship their stock outside the State.

**Response:** Although the increase in inspection fees may have been motivated in part by the needs of certain larger nurseries, inspection costs for all sizes of nurseries have risen over the years, although the Department has not sought a fee adjustment since 1984. In addition, all nurseries are assessed the same fee for the first acre inspected and a reduced fee for each additional acre. Thus, the total amount of fees per nursery will vary according to the size of a nursery's acreage. Besides, the bill, as originally introduced, would have required the Director to review and adjust yearly the fee schedule, but did not limit the amount of annual increases. As enrolled, the bill prohibits the Director from raising the initial inspection fee by more than 50%. Furthermore, the enrolled bill subjects the fee adjustments to the approval of the Agriculture Commission, rather than the Director as required in the original bill, which could result in greater scrutiny of a proposed increase.

Legislative Analyst: L. Arasim

**FISCAL IMPACT**

Senate Bill 296, the Department of Agriculture appropriation bill for 1995-96, as passed by the Senate includes \$200,000 of fee revenue in anticipation of Senate Bill 453. It is expected that this fee increase will generate about \$200,000 in fees to the State per year. There will be no cost to local units of government.

Fiscal Analyst: A. Rich

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.