



**House  
Legislative  
Analysis  
Section**

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**STATE GRANTS FOR “VALUE  
ADDED” AGRICULTURAL  
PROCESSING, PRODUCTION**

**House Bill 6002**

**Sponsor: Rep. Larry Julian**

**Committee: Agriculture and Resource  
Development**

**Complete to 10-26-00**

**A SUMMARY OF HOUSE BILL 6002 AS INTRODUCED 9-27-00**

The bill would create the “agricultural development act” to create incentives to locate and keep “value-added” agricultural processing and production ventures in the state. More specifically, the bill would create an “agricultural development fund” for agricultural processing and production grants, and an advisory board to recommend grant proposals to the Department of Agriculture.

Legislative findings. The bill would say that the legislature found and declared “that there exist[ed] in this state continuing need for programs to assist in encouraging value-added agricultural processing and agricultural production ventures and consequent job creation and ancillary growth within this state.”

Legislative appropriation. The bill would say that it was intended that the legislature appropriate each year, from the agricultural development fund to the Department of Agriculture, an amount “sufficient” to make the grants described in the bill.

The agricultural development fund. The bill would create an “agricultural development fund” in the Department of Treasury to be administered by the Department of Agriculture (MDA). Money in the fund at the end of the fiscal year would stay in the fund and not lapse to the state general fund. The state treasurer would credit to the fund money from appropriations, from the “uncollectable allowance fund” created by the Public Service Commission’s administrative rule (R460.2135), from any other source provided by law, and accrued interest earnings on deposits in the fund.

The purpose of the fund would be to make grants – contingent on the availability of funds – intended to increase “value-added” processing ventures and to expand agricultural processing and agricultural production to “targeted areas.” (The bill would define “value-added” to mean “the enhancement or improvement of the overall value of an agricultural commodity or of an animal or plant product into a product of higher value.” The term would include, but not be limited to, marketing, processing, transforming, or packaging. The bill also would define “agricultural processing” to mean one or more operations that transformed, packaged, sorted, or graded livestock or livestock products, agricultural commodities, or plants or plant products into goods that were used for intermediate or final consumption, including goods for nonfood purposes.)

The Department of Agriculture would be required to use the fund to make grants to “qualified grantees” who applied for such grants and who submitted proposals demonstrating the feasibility for the development of value-added agricultural processing and production ventures consistent with the

purposes described in the bill. Funded activities would include, but not be limited to, marketing research, business plan development, market development, and use of technology designed to establish, keep, expand, attract, or develop value-added agricultural operations in the state.

Role of MDA director. The director of the MDA would have final approval of grants made under the bill, and could impose fiduciary obligations on grant recipients (including performance bonding) as well as conditions on the receipt and expenditure of the grant money.

Agriculture development advisory board. The bill would create a five-member agricultural development advisory board, appointed by the governor to serve at his or her pleasure. The board's purpose would be to review and recommend proposals to the MDA for grants under the bill. The board's members would have to include at least three producers, with one producer member each representing plant product producers, animal product producers, and at-large producers.

MDA duties and powers. The bill would require the Department of Agriculture to establish a mission statement and objectives, which would have to be made available to the general public and to the processing and agricultural industries. The department also would be allowed to designate a "primary point of contact" for the activities conducted under the bill.

Analyst: S. Ekstrom

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#This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.