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Senate Bill 1339 (as enrolled)

PUBLIC ACT 323 of 2000

Sponsor: Senator George A. McManus, Jr.

Senate Committee: Farming, Agribusiness and Food Systems

House Committee: Agriculture and Resource Management

Date Completed: 3-16-01

CONTENT

The bill amended the Animal Industry Act to do the following:

- Permit the Director of the Michigan Department of Agriculture (MDA) to implement movement restrictions and requirements, including official bovine tuberculosis (TB) test requirements and animal movement certificates to accompany the movement of animals between or within a disease free zone, a surveillance zone, or an infected zone.
- Permit the Director to establish high-risk areas and potential high-risk areas when bovine TB has been diagnosed and provide for testing in those areas.
- Delete previous requirements for a surveillance program for bovine TB in particular counties.
- Require the registration of terminal operations for cattle and goats, and provide for their operation.
- Require the Director to pay a producer for assistance approved by the Agriculture Commission for whole herd bovine TB tests.
- Require the Director to pay veterinarians for chutes and gates, and pay livestock auction markets for chutes, gates, and remodeling for bovine TB surveillance, on a 50/50 cost-share basis.
- Increase the indemnification cap from \$3,000 to \$4,000 per animal and the total indemnification from \$10,000 to \$100,000 per order.
- Establish testing requirements for equines being moved into the State or shown, sold, or transported within the State; and repeal, as of January 1, 2001, the Act's previous testing provisions.

The bill repealed sections of the Act that repealed Public Act 181 of 1919 (MCL 287.746) and provided for the effective date of the Animal Industry Act (MCL 287.747). The bill also repealed, effective January 1, 2001, Rule 287.710 of the Michigan Administrative Code on equine infectious anemia testing.

With some exceptions noted below, the bill took effect on October 31, 2000.

Movement Restrictions

The bill permits the Director to develop, implement, and enforce scientifically based movement restrictions and requirements including official bovine TB test requirements, prior movement permits, official intrastate health certificates or animal movement certificates to accompany movement of animals, and official identification of animals for movement between or within a disease free zone, surveillance zone, and an infected zone, or any combination of those zones. The MDA must comply with procedures, as detailed in the bill, before issuing movement restrictions and requirements that assure public notice and opportunity for public comment. The Department may revise or revoke movement restrictions and requirements pursuant to the procedures set forth in the bill.

(The bill defines "disease free zone" as any area in the State with defined dimensions determined by the MDA in consultation with the U.S. Department of Agriculture (USDA) to be free of bovine TB. "Infected zone" means any area in the State with defined dimensions in which bovine tuberculosis is present and separated from the disease free zone by a surveillance zone as determined by the MDA in consultation with the USDA. "Official intrastate health certificate or official intrastate certificate of veterinary inspection" means a printed form adopted by the MDA and completed and issued by an accredited veterinarian that documents an animal's point of origin, point of destination, official identification, and any required official test results. "Prior movement permit" means prior documented permission given by the Director before movement of livestock. "Surveillance zone" means any area in the State with defined dimensions that is bovine TB disease free and located adjacent and contiguous to an infected zone as determined by the MDA in consultation with the USDA.)

The bill deleted previous requirements that the MDA coordinate and conduct a scientifically based surveillance program for bovine TB for free range deer in the following counties: Cheboygan, Presque Isle, Otsego, Montmorency, Alpena, Crawford, Oscoda, Alcona, Roscommon, Ogemaw, Iosco, and any other county adjacent to a county where one or more free range deer were found to be positive for bovine TB, based on an official determination by the USDA.

Terminal Operation

The bill provides that a terminal operation may be a lot, parcel, pasture, premises, facility, or confined area. The bill requires an operation to be registered with the MDA. Registration may not be issued until the Director has inspected the operation and found that it meets the requirements described below.

(The bill defines "terminal operation" as a facility for cattle and goats to allow for continued growth and finishing until the time that the cattle and goats are shipped directly to slaughter.)

A terminal operation may not allow or permit drainage from the terminal operation to flow into areas accessible to livestock, livestock feed, or livestock feed storage areas other than the cattle and goats in the terminal operation. The operation must be constructed and operated to deter cattle and must be goats in it from making contact with animals other than those in the operation. If a vehicle transporting cattle and goats from a terminal operation completes the load at additional farms, all of which are en route to a slaughter facility, all cattle and goats must remain on the vehicle and no animals may be allowed to unload.

Aborted fetuses and animals that die in a terminal operation must be disposed of in compliance with provisions in the Michigan Penal Code regarding burial of dead animals. If an animal gives birth while in the terminal operation, the offspring are restricted to the operation and may leave only as provided below, and the newborn animal must be identified officially within 30 days after birth.

Cattle and goats may exit a terminal operation only by being transported directly to a slaughtering establishment, directly to another registered terminal operation, or through a livestock auction market for slaughter only, or to a veterinary hospital or clinic where the animal is not commingled with other animals unless the Director grants permission to move the cattle or goats to another premises. Moving directly to a slaughtering establishment or to another registered terminal operation includes stopping at a premises to load other animals being transported to the slaughtering establishment or

terminal operation without unloading any animals.

Cattle and goats in a terminal operation are exempt from official bovine TB testing as required in the bill.

The Director may inspect any terminal operation and records of the operation at any reasonable time to determine whether requirements established by the Act are being met. The Director is required to make a reasonable attempt to notify the owner/operator before any inspection. The bill specifies the information to be included in the records of a terminal operation.

High-Risk Areas

The bill permits the Director to establish high-risk areas and potential high-risk areas based upon scientifically based epidemiology. Notification must be given through the Agriculture Commission and in a newspaper with general circulation in any area designated as a high-risk or potential high-risk area. (The bill defines "high-risk area" as an area where bovine TB has been diagnosed in livestock. "High-risk area" does not include an area where tests conducted under the bill's provisions on the testing of cattle and goat herds indicate a lack of bovine TB diagnosis at least 36 months after the date the area was designated a high-risk area. "Potential high-risk area" means an area where bovine TB has been diagnosed in wild animals only. "Potential high-risk area" does not include an area where cattle and goat herds are whole herd tested in the manner provided for under the bill resulting in the lack of any additional bovine tuberculosis infected animals being found in wild animals, domestic animals, or livestock.)

Under the bill, cattle and goat herds located in high-risk areas must be whole herd bovine TB tested at least once per year. After the first whole herd bovine TB test, testing must occur between 10 and 14 months from the anniversary date of the first test. The bill specifies that this does not prevent whole herd testing by the owner or by Department mandate at shorter intervals. Terminal operations located in high-risk areas in the State are exempt from the testing requirement and must be monitored by a written surveillance plan approved by the Director. Cattle and goat herds located in potential high-risk areas must be tested within six months after the Director has established a potential high-risk area or have a written herd plan with a targeted whole herd bovine TB testing date. Terminal operations located in potential high-risk areas in the State are exempt from the testing requirement, and may be monitored by a written surveillance plan approved by the Director. (The bill defines "whole herd" as any isolated group of cattle and goats 12 months of age or older maintained on common ground for any

purpose, or two or more groups of cattle and goats under common ownership or supervision geographically separated but that have an interchange or movement of cattle and goats without regard to health status as determined by the Director.)

Each owner of any privately owned cervid herd within a high-risk area must have an annual whole herd bovine tuberculosis test conducted on all privately owned cervids at least 12 months of age within the herd and all cattle and goats at least six months of age in contact with the cervids. Following the initial annual whole herd test, subsequent whole herd tests must be completed at nine- to 15-month intervals. The bill specifies that this provision does not prevent whole herd testing by the owner or by Department mandate at shorter intervals. Each owner of any privately owned cervid ranch within a high-risk area may elect to undergo a tuberculosis slaughter surveillance plan approved by the Director in lieu of annual whole herd testing. The surveillance plan must include examination of animals removed from the herd for detection of TB. (The bill defines "privately owned cervid" as all species of the cervid family, including deer, elk, moose, and all other members of the family cervidae raised or maintained in captivity for the production of meat and other agricultural products, sport, exhibition, or any other purpose.)

All cattle and goat herds located in any area outside a high-risk area or a potential high-risk area in the State must be whole herd bovine TB tested between January 1, 2000, and December 31, 2003. Privately owned cervid herds located in the non-high-risk areas or potential high-risk areas are required to be tested as provided in the Act. Terminal operations and privately owned cervid premises located in any area outside a high-risk area or a potential high-risk area in the State may be exempted from the bill's testing requirements and may be monitored by a written surveillance plan approved by the Director.

Cattle and goats originating in an area not designated as a high-risk area moving intrastate have to meet at least certain conditions on origination and testing, as specified in the bill, until the zone, area, or the entirety of the State from which they originate receives tuberculosis-free status from the USDA or under other circumstances approved by the Director. Cattle and goats originating in a high-risk area that move intrastate must meet certain conditions on origination and testing until the zone, area, or the entirety of the State from which they originate is no longer designated as a high-risk area by the Director or under other circumstances as approved by the Director. Cattle and goats not meeting these conditions may be sold through a livestock auction market for slaughter only. Privately

owned cervids moving intrastate are required to meet Act's identification, origination, and testing requirements.

Bovine tuberculosis testing required under the bill must be conducted by veterinarians who are employed by the MDA or the USDA, accredited veterinarians who are under contract and paid by the MDA or the USDA, or any other accredited veterinarians paid by the owner. Veterinarians approved to be under contract and paid by the MDA or the USDA for bovine tuberculosis testing are required to attend a bovine TB educational seminar approved by the Director. To be eligible for continued contract and payment, accredited veterinarians must attend yearly bovine TB educational seminars approved by the Director.

Individual, whole herd, or accredited free herd animal bovine TB testing required or permitted by the bill must be conducted by the MDA, USDA, or private veterinarians. Beginning January 1, 2000, private veterinarians approved under the bill may be paid by the MDA for testing services. Any other bovine TB testing conducted in addition to, or less than, requirements or allowances in the bill is the responsibility of the owner.

Individual livestock that have been injected and are undergoing bovine tuberculosis testing may not be removed from the premises where the test is administered until the test is read except with permission granted by the Director.

The bill specifies that these provisions do not exempt dairy herds from being tested in the manner provided by Grade "A" Pasteurized Milk Ordinance, 1999 Revision of the U.S. Public Health Service/Food and Drug Administration, with administrative procedures and appendices, set forth in the Public Health Service/Food and Drug Administration Publication No. 229, and the provisions of the 1995 Grade "A" Condensed and Dry Milk Products and Condensed and Dry Whey-Supplement I to the Grade "A" Pasteurized Milk Ordinance, 1999 revisions, and all amendments to those publications adopted pursuant to the rules that the Director may promulgate.

The provisions concerning origination, slaughter, and the intrastate movement of privately owned cervids took effect January 1, 2001.

Identification

The bill requires all cattle, goats, and privately owned cervids to bear official identification before they leave a premises. Compliance with this requirement is the owner's responsibility. Official identification must be supplied by the MDA.

The bill also requires all privately owned cervids moving from one premises to another within the State to be officially identified with an identification approved by the Director.

All cattle, bison, goats, and privately owned cervids presented at any livestock auction market in the State must be identified as required under Federal methods and rules, as described above. Cattle, bison, goats, and privately owned cervids that are marketed for immediate slaughter must be identified by official ear tag, sale tag, or official back tag in a manner designed to trace the animals to the premises of origin.

Producer, Veterinarian Assistance

The bill provides that, beginning January 1, 2000, with advice and consultation from the livestock industry and veterinary profession, the Director is required to do the following:

- Pay a producer for assistance approved by Agriculture Commission for whole herd bovine TB testing required under the bill or required by Grade "A" Pasteurized Milk Ordinance, (as described above).
- Pay a veterinarian, who has fulfilled the bill's bovine TB educational requirements, for chutes and gates on a 50/50 cost share basis as approved by the Agriculture Commission.
- Pay an operator or owner of a livestock auction market for chutes, gates, and remodeling to expedite identification of livestock for bovine TB surveillance and eradication on a 50/50 cost share basis as approved by the Commission.

Indemnification

Under the Act, the Director may permit indemnification for the destruction of animals due to livestock diseases or toxicological contamination. Previously, except as otherwise provided and until January 1, 2005, regarding any quarantine on animals or premises issued after January 1, 1998, indemnification had to be based on 90% of the fair market value of that type of livestock on the date of the appraisal and marketable for the purpose for which the livestock was intended, not to exceed \$3,000 for each animal. After January 1, 2005, however, indemnification was to be based on 75% of the fair market value of that type of livestock on the

date of the appraisal as if the livestock were grade status and marketable for the purpose for which the livestock was intended, not to exceed \$1,250 for each animal.

The bill requires, instead, that indemnification be based on 100% of the fair market value of that type of livestock or domestic animal on the date of the appraisal and marketable for the purpose for which the livestock or domestic animal was intended. The bill also increases the maximum indemnification to \$4,000 for each animal. The bill specifies that the appraisal determination may not delay the slaughter, destruction, or disposition of the livestock or domestic animals.

Under the bill, except as otherwise provided, indemnification for entire herd, flock, or school depopulations of livestock or domestic animals must be based on 100% of the fair market value of that type of animal on the date of the appraisal and marketable for the purpose for which the livestock or domestic animal was intended, not to exceed an average of \$4,000 per animal in the flock, herd, or school. The appraisal determination may not delay depopulation. The indemnification amount under this provision must include a deduction for any compensation received, or to be received, from any other source, including indemnification by the USDA, insurance, salvage value, or any monetary value obtained to encourage disposal of infected or exposed livestock or domestic animals in accordance with a disease control or eradication program. The owner must furnish to the MDA all the records indicating other sources of indemnity. An affidavit signed by the owner attesting to the amount of compensation for the livestock or domestic animals received or to be received, from any other source must accompany the appraisal certificate prior to indemnification.

Under the bill, the MDA may provide for indemnity pursuant to the Act not to exceed \$100,000 per order, from any line item in the annual budget for the Department in the applicable fiscal year. Any agreement greater than \$100,000 entered into between the MDA and an owner of livestock must contain a provision indicating that, notwithstanding the terms of the agreement, indemnification is subject to specific appropriations by the Legislature and may not be paid from Department funds. Previously, the indemnity amount under these provisions was \$10,000 per order.

The bill deleted provisions under which acceptance of indemnification did not enlarge or diminish the owner's civil remedy against a person responsible for the owner's loss, except that acceptance constituted a release of the owner's claim against the State. The bill, instead, specifies that acceptance of

compensation under the Act constitutes a full and complete release of any claim the owner has against the State, its departments, agencies, officers, employees, agents, and contractors to the extent these persons were acting on behalf of the State, within the scope of their employment with the State or under the direction of the State, its departments, agencies, officers, or employees, arising out of testing, purchase, removal, slaughter, destruction, and other disposition of the owner's animals.

Report to Legislature

The bill requires the Directors of the MDA and the Department of Natural Resources at least annually, within 60 days after the close of the fiscal year, each to make a written report to the standing committees of the House of Representatives and the Senate having jurisdiction on agricultural and farming issues. The reports must include the amount spent by the Department for bovine TB eradication during the preceding fiscal year, and an explanation of these expenditures. The MDA Director's report also must include the status of the bovine TB eradication efforts in Michigan.

TB Reactor Livestock

Under the bill, tuberculosis reactor cattle, bison, goats, and privately owned cervids, as defined in Title 9 of the Code of Federal Regulations and the Bovine Tuberculosis Eradication: Uniform Methods and Rules effective January 22, 1999, approved by Veterinary Services of the Animal and Plant Health Inspection Service of the USDA, and all amendments to those publications adopted pursuant to rules that the Director may promulgate, must remain on the premises where they were located until a State or Federal permit for movement has been obtained. Movement for destruction must be within 15 days after classification as a reactor.

Importation

Previously, cattle entering the State had to originate directly from an accredited bovine TB-free state or herd, as defined in Federal regulations, or have a negative TB test within 60 days before importation. Under the bill, cattle entering the State must originate from an accredited bovine TB-free state, zone, or herd, as defined in Federal regulations. In the case of cattle not meeting these requirements, the bill requires that the cattle originate from a state or zone whose bovine TB status is less than accredited free, as defined in Federal regulations. The cattle must originate from a herd that has had a negative official whole herd test, as defined in the Act, within the preceding 12 months and the individual cattle being imported must have had a negative official test for bovine TB within 60 days before entry. The bill

establishes similar requirements for goats entering the State.

The bill provides that privately owned cervids that are at least one year of age and are imported into the State, except those consigned directly to a State or Federally inspected slaughter facility premises, must comply with one of the following before importation: originate directly from an official TB accredited herd or from an official TB qualified or monitored herd, as outlined in Federal regulations; or be isolated from all other animals until they receive two official negative TB tests conducted at least 90 days apart, with the first test conducted within 120 days before importation and the second test within 90 days before importation into the State. Privately owned cervids less than one year of age imported into the State, except those consigned directly to a slaughter facility, must originate from an official TB accredited herd, as outlined in Federal regulations; be born in and originate directly from an official TB qualified or monitored herd; be a purchased addition originating directly from an official TB qualified or monitored herd; and/or be isolated from all other animals until they receive two official negative TB tests conducted at least 90 days apart, with the first test conducted within 120 days before importation and the second test within 90 days before importation into the State. (Previously, privately owned cervids at least one year old had to meet interstate TB testing requirements. Those under one year had to originate from an official TB accredited or qualified herd or remain at their destination until they received a negative TB test.)

Under the bill, poultry vaccinated for infectious laryngotracheitis may not be imported into the State unless permission from the Director is granted. The bill specifies that any restrictions placed by the Director on the import of the poultry must be followed.

Equine Infectious Anemia Test

Previously, equine had to test negative to an official test for equine infectious anemia within 180 days before importation and be accompanied by an official interstate health certificate or official interstate certificate of veterinary inspection. The bill repealed this section effective January 1, 2001.

Under the bill, all equines being moved into Michigan from other states must have had an official equine infectious anemia test with a negative result within the calendar year or the previous 30 days before entry and must be accompanied by an official interstate health certificate or official interstate certificate of veterinary inspection documenting the date, laboratory, accession number, and results of the latest equine infectious anemia test, signed by an

accredited veterinarian. (The bill defines "equine infectious anemia" as an infectious disease of equines caused by a lentivirus, equine infectious anemia virus.)

The bill also provides that all equines entered in exhibitions, expositions, or fairs must have had an official equine infectious anemia test with a negative result within the calendar year or the previous 30 days that is documented on the equine infectious anemia laboratory test form. A fair, exhibition, exposition, or show authority is responsible for assuring that all participating equines are test-negative for equine infectious anemia.

All equines, before change of ownership within the State, must have had an official equine infectious anemia test with a negative result within the calendar year or previous 30 days. All change-of-ownership transactions must be accompanied by a certificate signed by an accredited veterinarian documenting the date, laboratory, accession number, and results of the latest equine infectious anemia test or by an equine infectious anemia laboratory test form.

All equines entering horse auctions or sales markets licensed under Public Act 93 of 1974 (which provides for the licensure and regulation of horse riding stables and sales barns), and under Public Act 284 of 1937 (which requires the licensure of persons engaged in buying, selling, and transporting livestock), must have an official equine infectious anemia test with a negative result within the calendar year or previous 30 days before sale. If a test is not possible before each sale, then the equines must be held on the sale premises until the test results are known.

Equines transported or providing transportation on public highways, roads, or streets must have an official equine infectious anemia test with a negative result within the calendar year or previous 30 days.

The bill requires the Director to quarantine equines that test positive and their herd of origin. Equines that test positive may, with the Director's approval, be moved or quarantined to a premises that confines them a minimum of one-quarter mile away from any other equine. Equines that test positive, with the Director's approval, may be segregated and quarantined in an insect-free enclosure as determined by the Director.

The owner or agent of an equine herd that is the source of a test-positive equine must allow the Director to test, in accordance with the schedule provided in the bill, the complete source herd with an official equine infectious anemia test after the official test-positive equine have been removed or segregated from the herd in a manner approved by the Director.

The bill permits the Director to conduct epidemiological investigations on all equine that have possible exposure to official equine infectious anemia test-positive equine to determine the need for additional quarantining and official equine infectious anemia testing.

Official test-positive equine may not be destroyed or removed from the original test location or premises without prior permission from the Director. If the owner chooses to destroy the equine, permission must be obtained first from the Director. The Director is required to issue a quarantine release and be

present when the equine are destroyed, or an accredited veterinarian may document and certify that the test-positive equine have been destroyed. Unless immediately destroyed, test-positive equine must be identified by the Director with the Freeze Brand 34a, in the size and location described in the bill.

The bill provides that restricted equines may move interstate only if accompanied by a permit listing the owner's name and address, points of origin and destination, number of equines included, purpose of the movement, and at least either the individual equine registered breed association registration tattoo or the individual registration number, or other unique official identification. The permit also must list the animal's name, age, sex, breed, color, and markings.

Test-positive equine may move interstate under permit only to the following locations: a Federally inspected slaughter facility, a Federally approved diagnostic or research facility, or a herd or farm of origin. The individual issuing the permit must consult with the state animal health official in the state of destination for approval and must determine that the test-positive equine to be moved will be maintained in isolation sufficient to prevent the transmission of equine infectious anemia to other equines. The reactor must remain quarantined under state authority at the locations described above until natural death, slaughter, or euthanasia. The carcass must be disposed of according to provisions of Public Act 239 of 1982 (which provides for the licensure and regulation of animal food manufacturing plants, transfer stations, dead animal dealers, rendering plants, and certain vehicles).

Individual exposed equines may be allowed to move from a quarantined area for specific purposes if they have a negative test at the time of movement. The equines must be moved under quarantine and maintained under quarantine at the new premises until tested negative to an official equine infectious anemia test at least 45 days after the last known exposure to an equine infectious anemia test-positive equine.

These provisions took effect January 1, 2001.

Private Cervid Farm or Ranch

Beginning 90 days after the bill's enactment, each owner of any privately owned cervid farm, other than any privately owned white-tailed deer or elk farm, that does not possess official TB accredited or qualified herd status as defined in Federal regulations, must have an official test for TB conducted on all privately owned cervids 12 months of age or older, and all cattle and goats six months of

age and older in contact with the privately owned cervids. The testing must be completed within 18 months following the bill's effective date. If the ranch begins operation after the bill's effective date, the owner must complete the testing within 18 months after assembly of the herd.

Also, beginning 90 days after the bill's enactment, each owner of any privately owned cervid ranch, other than privately owned white-tailed deer or elk ranches, must have privately owned cervids removed from the herd to undergo visual inspection by a specially trained accredited veterinarian, approved by the Director, for evidence of TB. The number of animals to be inspected must equal the number required for establishing an official TB monitored herd as outlined in Federal regulations. The testing must be completed within five years following the bill's effective date. If the ranch or farm begins operation after the bill's effective date, the owner must complete the required testing within five years following assembly of the herd.

MCL 287.701 et al.

BACKGROUND

Bovine tuberculosis (TB) is one of three main types of tuberculosis that is caused when bacteria attack the respiratory system. Considered to be the most infectious of the three types, bovine TB is capable of infecting most mammals. Prior to 1994, only eight wild white-tailed or mule deer had been reported with bovine TB in North America. In 1994, however, a hunter in southwestern Alpena County shot a four-year-old male white-tailed deer infected with bovine TB.

To assess the extent of the bovine TB infection in the deer population from the area where the infected deer was taken in 1994, more than 17,700 deer from Alpena, Montmorency, Oscoda, Alscona, Presque Isle, and Otsego Counties were examined from the fall of 1995 to the summer of 1999, according to the Department of Natural Resources, with 228 deer testing positive for bovine TB. In addition, the bovine TB outbreak spread from wild deer to domestic cattle in the northeastern Lower Peninsula.

At the end of the 1998-99 fiscal year, the U.S. Department of Agriculture designated Michigan as having an "Accredited Free-Suspended" status because of the discovery of two infected beef herds. Under new USDA rules governing state bovine TB status, Michigan's status was changed to "Modified-Accredited" to reflect the presence of the disease in livestock. In order to regain its "Accredited Free" status, the State must have 0% TB prevalence in cattle, bison, and goat herds and no TB in the past three years from the time the last infected herd was

depopulated or from the time of surveillance indicating no risk of TB spreading.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill will increase State costs associated with a producer assistance program for bovine tuberculosis testing, a 50/50 cost share program for equipment purchased by veterinarians and auctions for bovine tuberculosis testing, and the increase in per animal indemnification payments. Currently, the Michigan Department of Agriculture pays for all required testing associated with bovine tuberculosis (estimated at \$40 per site plus \$10 per head). The bill allows the MDA to pay a producer for assistance (e.g., time and labor) associated with testing livestock for the disease. In December 2000, the Michigan Commission of Agriculture approved an assistance program that will provide \$3 per head to livestock owners for animals tested as part of a whole herd test, retroactive to January 1, 2000. The increase in State costs is estimated at nearly \$4.5 million for the producer assistance program. Of this total, \$4.0 million represents ongoing costs associated with annual testing of dairy cows.

The bill establishes a 50/50 cost share program for certain equipment purchased as part of the bovine tuberculosis testing program. The costs of chutes and gates, equipment required for testing livestock, previously were borne by veterinarians and livestock auctions. The additional State costs associated with this program are estimated at nearly \$430,000 (one-time).

The bill increases the per animal indemnification cap for livestock ordered destroyed from \$3,000 to \$4,000. The bill also sets a \$4,000 per animal average indemnification cap in circumstances when an entire herd is depopulated. The impact of these changes will be contingent on the number, value, and frequency of destroyed animals. Actual State costs will be case specific as indemnification payments will be based on 100% of the appraised value of the individual animal and must take into account money received from other sources (e.g., Federal payments, insurance). State indemnification payments associated with the bovine tuberculosis testing program through September 18, 2000, total \$700,000.

The Legislature has appropriated resources in fiscal years 1997-98, 1998-99, 1999-2000, and 2000-01 for testing, surveillance, and indemnification costs associated with the eradication of bovine tuberculosis. Total State appropriations over this time approximate \$37.0 million.

Fiscal Analyst: C. Thiel