

Senate Fiscal Agency
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Senate Bill 1339 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator George A. McManus, Jr.
Committee: Farming, Agribusiness and Food Systems

CONTENT

The bill would amend 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 had been diagnosed, and provide for testing in those areas.
- Delete current requirements for a surveillance program for bovine TB in particular counties.
- Provide for the establishment and operation of terminal operations for cattle and goats.
- 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 a veterinarian or an operator or owner of a livestock auction market for chutes and gates on a 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, current testing provisions.
- Require the Director to report annually to the Senate and House standing committees on agricultural and farming issues on the amount spent for bovine TB evaluation, an explanation of those expenditures, and the status of bovine TB eradication efforts.

The bill would repeal, effective January 1, 2001, Rule 287.710 of the Michigan Administrative Code on equine infectious anemia testing.

MCL 287.701 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would 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 TB testing, and the increase in per animal indemnification payments. Currently, the Department pays for all required testing associated with bovine TB (estimated at \$40 per site visit plus \$10 per head). The bill would allow the MDA to pay a producer for assistance (e.g., time and labor) associated with testing livestock for the disease. The actual increase in State costs is unknown, as it would be contingent on approval by the Agriculture Commission. It is also unknown what the participation rate in such a program would be.

The bill would establish a 50/50 cost share program for certain equipment purchased as part of the bovine TB testing program. The costs of chutes and gates, equipment required for testing livestock, are currently borne by veterinarians and livestock auctions. The additional State costs associated with this program are unknown, as the program would be subject to approval by the Agriculture Commission. Also, the number of vets and auctions that would participate in the program is unknown.

The bill would increase the per animal indemnification cap for livestock ordered destroyed from \$3,000 to \$4,000. The bill also would set a \$4,000 per animal average indemnification cap in circumstances when an entire herd is depopulated. The impact of these changes would be contingent on the number, value, and frequency of destroyed animals. Actual State costs would be case specific as indemnification payments are based on 90% 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 TB 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 in livestock. Total State appropriations through the MDA budget over this time approximate \$29.0 million.

Finally, the bill would result in additional administrative costs to the Department of Agriculture associated with the requirement that all premises in the State having livestock register annually with the Department.

Date Completed: 9-22-00

Fiscal Analyst: C. Thiel