

**SUBSTITUTE FOR
SENATE BILL NO. 1340**

A bill to create incentives to locate and maintain value-added agricultural processing and production ventures within this state; to create certain funds and advisory boards; to authorize expenditures and grants from the funds; to finance the development of certain programs; to provide for appropriations; and to prescribe the powers and duties of certain state officials.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "agricultural development fund act".

3 Sec. 2. The legislature of this state finds and declares
4 that there exists in this state continuing need for programs to
5 assist in encouraging value-added agricultural processing and
6 agricultural production ventures and consequent job creation and
7 ancillary economic growth within this state.

SB 1340, As Passed Senate, September 26, 2000

Senate Bill No. 1340 as amended September 26, 2000

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1 Sec. 3. As used in this act:

2 (a) "Agricultural processing" means 1 or more operations
3 that transform, package, sort, or grade livestock or livestock
4 products, agricultural commodities, or plants or plant products
5 into goods that are used for intermediate or final consumption
6 including goods for nonfood use.

7 (b) "Department" means the Michigan department of
8 agriculture.

9 (c) "Fund" means the agricultural development fund created
10 in section 4.

11 (d) "Value added" means the enhancement or improvement of
12 the overall value of an agricultural commodity or of an animal or
13 plant product into a product of higher value. The enhancement or
14 improvement includes, but is not limited to, marketing, process-
15 ing, transforming, or packaging.

16 Sec. 4. (1) The agricultural development fund is created
17 within the department of treasury and is to be administered by
18 the department through the office of agriculture development.
19 Money in the fund at the close of the fiscal year shall remain in
20 the fund and shall not lapse to the general fund.

21 (2) The state treasurer may credit money from the follow-
22 ing sources to the fund:

23 (a) Appropriations.

24 (b) Money

25
26 from any other source provided by law.

SB 1340, As Passed Senate, September 26, 2000

Senate Bill No. 1340 as amended September 21 and 26, 2000

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1 (c) Interest earnings on deposits in the fund that accrue
2 interest as a participating fund of the state's common cash
3 fund.

4 (3) The purpose of the fund is to make grants intended to
5 increase value-added processing ventures and to expand agricul-
6 tural processing and agricultural production in targeted areas.
7 The grantees must be organizations whose purpose includes
8 value-added agricultural processing and agricultural production
9 that is consistent with the purposes of this act.

10 (4) The department shall use the fund to make grants to
11 qualified grantees who apply for such grants and who submit pro-
12 posals demonstrating feasibility for development of value-added
13 agricultural processing and agricultural production ventures con-
14 sistent with the purposes described in this act. Funded activi-
15 ties include, but are not limited to, marketing research, busi-
16 ness plan development, market development, and utilization of
17 technology designed to establish, retain, expand, attract, or
18 develop value-added agricultural processing and agricultural pro-
19 duction operations in this state.

20 (5) The director of the department shall have final approval
21 of grants made under this act. Grants are contingent upon the
22 availability of funds. The director shall report, on an annual
basis, to the senate and house of representatives standing
committees having jurisdiction over agricultural issues as well as
the senate and house of representatives agricultural appropriations
subcommittees regarding the specific amounts and nature of
expenditures and grants made under this act.

23 (6) The director of the department may impose fiduciary
24 obligations upon a recipient of a grant, including performance
25 bonding, and may impose conditions upon the receipt and expendi-
26 ture of the grant money.

(7) The department shall promulgate rules under the
administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
24.328, to administer this act.

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1 Sec. 5. (1) There is created an agriculture development
2 advisory board consisting of 5 members whose purpose is to review
3 and recommend to the department proposals for grants under this
4 act. The members shall be appointed by the governor and serve at
5 his or her pleasure.

6 (2) The board shall be no larger than 5 members. Membership
7 on the board shall include at least 3 producers, 1 representing
8 plant product producers, 1 representing animal product producers,
9 and 1 representing at-large producers.

10 Sec. 6. The department may designate a primary point of
11 contact for the activities conducted under this act and shall
12 establish a mission statement and objectives to be made available
13 to the general public and to the processing and agricultural
14 industries.

15 Sec. 7. It is intended that the legislature shall appropri-
16 ate each year from the agricultural development fund to the
17 department an amount sufficient to make the grants described in
18 section 4.