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Senate Bill 643 (as introduced 9-20-01)
Sponsor: Senator Walter H. North
Committee: Farming, Agribusiness and Food Systems

Date Completed: 10-17-01

CONTENT

The bill would amend the Animal Industry Act to require the Department of Agriculture to reimburse certain farmers for the difference between current and past indemnity rates. Under current law, effective October 31, 2000, the Department reimburses farmers for 100% of the fair market value (not to exceed \$4,000), per animal destroyed for purposes of preventing the spread of disease. Prior to October 31, 2000, the law required the Department to reimburse farmers at 90% of the fair market value of the animal(s) destroyed, with a cap at \$3,000. The bill would allow farmers who received indemnity for animals on or after January 27, 1999, but before October 31, 2000, to apply for the difference between past and current levels of reimbursement. The farmer would have to present to the Department Director acceptable evidence of the animal's fair market value at the time of its appraisal.

MCL 287.714

Legislative Analyst: C. Layman

FISCAL IMPACT

The bill would result in an increase in State costs of approximately \$90,000 resulting from the change in the indemnification amounts to be paid under the Act for certain animals. Indemnification costs associated with bovine tuberculosis (TB), or other diseases, would be paid from existing appropriations. The fiscal year 1999-2000 budget contained \$14,500,000 General Fund/General Purpose for the bovine TB program. There is approximately \$6,664,000 remaining in the account that would cover the additional \$90,000 in State costs. Any additional indemnification payments for other animal diseases would have to come from existing Departmental resources. Boilerplate language in the fiscal year 2001-02 budget contains a provision requiring the Department to make additional indemnification payments for previous payments made from January 1, 1998, through October 31, 2000, based on the indemnification rate paid after October 31, 2000.

Fiscal Analyst: C. Thiel

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