

Summary: Conference Report
AGRICULTURE
FY 2004-05 House Bill 5509



Analyst: Kirk Lindquist

	FY 2003-04 YTD (as of 2/12/04)	Executive	House	Senate	Conference	Difference: Conference from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$10,758,600	\$10,831,700	\$10,831,700	\$10,831,700	\$10,831,700	\$73,100	0.7
Federal	14,401,700	33,476,200	33,406,200	33,406,200	33,476,200	19,074,500	132.4
Local	0	0	0	0	0	0	0.0
Private	1,127,600	138,700	138,700	138,700	138,700	(988,900)	(87.7)
Restricted	39,931,900	40,662,500	40,070,800	40,070,700	51,593,300	11,661,400	29.2
GF/GP	30,259,200	31,292,700	31,509,400	31,509,400	30,091,400	(167,800)	(.6)
Gross	\$96,479,000	\$116,401,300	\$115,956,800	\$115,956,700	\$126,131,300	\$29,652,300	30.7
FTEs	569.0	715.0	739.0	739.0	749.0	399.0	70.1

Overview

The Department of Agriculture promotes Michigan agricultural products and protects the public from disease and unsanitary conditions in food production and handling. It regulates product labeling and producer practices for dairy products, animals, and plants, as well as enforcing consumer protection laws in food, standard weights/measures, animal health, plant pests, and diseases.

Summary of FY 2004-05 Major Budget Issues

Animal Health and Plant Pest Eradication

The Emerald Ash Borer grant from the Federal government would be increased by \$17.7 million to \$25.2 million. These funds would be used for continued monitoring and marking efforts in areas of the state affected by this infestation. Federal support for the Bovine TB and Johne's Disease programs would be increased by \$706,000.

Horse Race Revenue

Agriculture Equine Industry Development Fund support for racing programs and for track licensees would be increased by 14.4%, or by about \$4.6 million. Funding shifts in departmental programs to State Services Fee revenue reduced equine fund appropriations by \$1.5 million. Support for racing appropriations is increased by \$6.1 million realized from the Casino Tax increase enacted in 2004.

Gas Pump Inspections

Gas tax revenue, previously earmarked for bond debt service, would be provided for gas pump inspectors: 23 positions and \$1.3 million.

**Major Budget Changes from
FY 2003-04 YTD Appropriations:**

**FY 2003-04 YTD
(as of 2/12/04)**

Conference

1. Emerald Ash Borer Program

Includes federal funding for the third year of this program. Funds are provided for eradication efforts in affected areas of southeast Michigan and other threatened areas in the lower peninsula. No state revenue match is required for this program.

Executive: \$17,750,000

House: \$17,750,000

Senate: \$17,750,000

FTEs

0.0

155.0

Gross

\$7,250,000

\$17,750,000

Federal

7,250,000

17,750,000

3. Gas Pump Inspection Program

Includes refined petroleum fund revenue to support the gas pump inspection program.

Executive: \$0

House: \$2,000,000

Senate: \$2,000,000

FTEs

0.0

23.0

Gross

\$0

\$1,359,500

Restricted

0

2,537,800

GF/GP

\$0

(\$1,178,300)

4. Agriculture Equine Development Fund Revenue Redistribution

Due to continued decline in horse race revenue, the Executive Budget reduced Agriculture Equine Industry Development Fund support for local racing programs.

Gross

\$12,467,000

\$7,100,000

Restricted

12,467,000

7,100,000

State Services Fee revenue replaces Agriculture Equine Development Fund support to the Laboratory and Office of Racing Commissioner: \$2,788,800, and an increase of \$1.0 million is proved for fair and industry support line items.

Casino Tax revenue, \$6.1 million deposited into the Agriculture Equine Development Fund, is added to horse racing program and track licensee line items.

Executive: (\$1,117,000)

House: \$1,000,000

Senate: \$1,000,000

5. Federal Grant Increases: Johnes Disease and Bovine TB Animal Testing

Increased Animal Health and Welfare program by \$356,000 to allow the State to receive and spend additional federal funding for Johnes Disease eradication efforts in sheep and cattle, and slaughter house inspections.

Gross

\$6,246,600

\$956,000

Federal

159,000

706,000

Restricted

407,200

250,000

GF/GP

\$5,839,400

\$0

An additional \$600,000 (\$350,000, Federal, and \$250,000, Agriculture Equine Industry Development Fund) is provided for continuing efforts to protect livestock threatened by Bovine TB and for animal testing.

Executive: \$706,000

House: \$706,000

Senate: \$706,000

6. Agriculture Laboratory: Oil and Gas Settlement Fund Revenue

Added Gasoline Testing and Inspection Fund, \$385,000, along with Petroleum Refined Products Fund, \$462,200, is provided for the service station inspection program. The State will not receive Private Oil and Gas Settlement Revenue in FY 2004-05.

Executive: (\$150,400)

House: (\$150,400)

Senate: (\$150,400)

Gross

\$997,600

(\$150,400)

Private

997,600

(997,600)

Restricted

0

847,200

**Major Budget Changes from
FY 2003-04 YTD Appropriations:**

		FY 2003-04 YTD (as of 2/12/04)	<u>Conference</u>
7. Plum Pox Inspections and Project GREEN	Gross	\$12,107,800	\$300,000
Inspection fee revenue (Industry Support Funds) is provided for the Plum Pox Inspection program, and \$90,000 is to be provided to Michigan State University – Project GREEN.	Federal	3,374,400	0
Executive: \$300,000	Private	130,000	0
House: \$300,000	Restricted	3,841,300	300,000
Senate:..... \$300,000	GF/GP	\$4,762,100	\$0
8. Marketing Programs	Gross	\$2,441,700	(\$200,000)
Eliminated marketing programs in Agricultural Development, Marketing and Emergency Management. Responsibility for new market identification and development would be assumed by the Department of Labor and Economic Growth.	IDG	500,000	0
Executive: (\$200,000)	Federal	100,000	0
House: (\$50,000)	Restricted	845,400	0
Senate: (\$50,000)	GF/GP	\$946,300	(\$200,000)
9. Commodity Inspection Fees	Gross	\$991,500	(\$291,500)
Inspection fee revenue is expected to fall off in FY 2004-05 due to a reduction in the workload and complexity of onsite inspections.	Restricted	991,500	(291,500)
Executive: (\$291,500)			
House: (\$291,500)			
Senate:.....(\$291,500)			
10. Economic Adjustments and Employee Related Savings	Gross		\$3,213,300
Increased each line item supporting pay roll expenses to cover the cost of scheduled pay increases and fringe benefit costs (\$5,004,800). Employee salaries are to increase by 7% and health insurance premiums are to increase by 13.6%. The contribution rates for the defined benefit and defined contribution retirement programs are increasing as well, reflecting the system costs related to the recent early retirement program.	IDG		73,100
	Federal		548,500
	Private		8,700
	Restricted		1,104,500
	GF/GP		\$1,478,500

Workforce related savings (\$1,791,500) are recommended to offset the cost of included economic adjustments. These savings (amounting to 5% of payroll) are to be achieved through contract concessions.

Major Boilerplate Changes from FY 2003-04:

Sec. 205. State-wide Hiring Freeze – REVISED

Positions may be filled if Federal funds are protected, public safety is involved, or if health care services are affected.

Sec. 601. Energy Conservation Program Grants – DELETED

A distribution formula is required.

Sec. 605. Aquifer Dispute Resolution Funds: Legislative Intent – DELETED

Designates \$100,000 for aquifer dispute resolution activities.

Sec. 810. State Fair Operations Spending: Limited to Level of Appropriation – DELETED

Total spending in FY 2003-04 shall not exceed the authorized appropriation level.