

AGRICULTURE

Summary: House Appropriations Committee Substitute

SB 222 (H-1)

FY 2007-08 Appropriations

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	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House Sub	FY 2007-08 Enacted	Difference: House From FY 2006-07 YTD	
						Amount	%
IDG/IDT	10,367,510	9,390,400	9,390,600	10,390,400		22,890	0.2
Federal	23,542,831	21,990,600	21,115,600	21,240,600		(2,302,231)	(6.8)
Local	0	0	0	0		0	0
Private	183,800	188,500	188,500	188,500		4,700	2.6
Restricted	47,803,959	45,423,700	49,671,800	46,902,400		(901,559)	(1.9)
GF/GP	28,333,900	29,337,400	28,798,200	30,104,200		1,770,300	6.1
Gross	\$110,232,000	\$106,330,600	\$109,164,700	\$108,826,100		(\$1,405,900)	(1.2)
FTEs	696.0	680.0	684.0	680.0		(16.0)	(2.3)

FY 2006-07 YTD reflects Executive Order 2007-3 which reduced gross appropriations by \$3.1 million (gross), \$2.9 million (GF/GP), and SB436 which reduced GF/GP appropriations by \$286,200.

Executive reflects Executive revision transmitted by the State Budget Office February 12, 2007.

Senate reflects SB 222 as passed the Senate, August 22, 2007

House Sub reflect HB 4352 H-1 as reported from the House Committee on Appropriations, September 5, 2007.

Overview

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

House Substitute HB 4352 (H-1) would appropriate \$1.4 million (Gross) less than current year. This reduction reflects continuing reductions in federal support for the Emerald Ash Borer program, as well as reductions in state-restricted Agriculture Equine Industry Development Fund (AEIDF) revenue. AEIDF revenue from the Casino Tax (PA 306 of 2004) will fall upon the opening of two permanent Detroit casinos. The bill would appropriate \$1.8 million more General Fund revenue than the current year budget.

The House substitute appropriations \$2.5 million (Gross) more than the Executive recommendation, including \$766,800 more GF/GP. Major changes from current-year appropriations, as well as House differences from the proposed Executive budget are shown below.

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD	House Change From YTD
1. Management Services – House substitute appropriates \$100,000 GF/GP less than the Executive recommendation. (The Senate substitute would appropriate \$500,000 less than the Executive.)	FTEs	34.0	(0.0)
	Gross	\$2,647,700	(\$16,900)
	Restricted	401,300	17,300
	GF/GP	\$2,246,400	(\$34,200)
2. Agricultural Statistics <i>Current year was reduced by \$130,700 GF/GP in EO 2007-3.</i> Reflects elimination of one-time \$50,000 (AEIDF) equine survey. The House appropriates \$100,000 GF/GP more than the Executive recommendation.	FTEs	4.0	(3.0)
	Gross	\$245,300	(\$69,500)
	Restricted	50,000	(50,000)
	GF/GP	\$195,300	(\$19,500)

Major Budget Changes From FY 2006-07 YTD Appropriations**House Change
From YTD****FY 2006-07 YTD****3. Federal Grants**

Executive had proposed a new \$1.0 million line for unspecified federal grants which the department may obtain during the fiscal year. This line is not included in the House substitute; the House does include contingency appropriations in boilerplate Section 228.

Gross	\$0	\$0
Federal	0	0

4. Food Safety and Quality Assurance (Food and Dairy)

House bill reflects economic increases (\$486,000 gross, \$411,500 GF/GP); end of 5-year sick leave payout (\$12,800); and increase in civil penalty revenue (\$222,300). The House bill is \$200,000 more than the Executive based on revised estimates of civil penalty revenue. Unrolls Consumer and industry food safety education revenue as fund source.

FTEs	107.0	0.0
Gross	\$11,932,100	\$695,500
Federal	388,100	19,200
Restricted	2,735,600	277,600
GF/GP	\$8,808,400	\$398,700

5. Animal Health and Welfare (Animal Industry)

Current year was reduced by \$125,000 GF/GP in EO 2007-3.

House adopts Executive recommendation; reflects \$250,000 GF/GP reduction in department baseline aquaculture and captive cervid programs (as compared to budget as originally enacted). Also reflects \$64,600 (gross) of economic adjustments; end of 5-year sick leave payout (\$10,600).

FTEs	22.5	(3.0)
Gross	\$2,303,400	(\$71,000)
Federal	457,000	12,300
Restricted	163,200	2,900
GF/GP	\$1,683,200	(\$86,200)

6. Bovine Tuberculosis (Animal Industry)

Reflects \$131,900 (gross) in economic increases; end of 5-year sick leave payout (\$1,600). House retains \$215,500 in AEIDF revenue which was not included in the Executive budget.

FTEs	26.5	0.0
Gross	\$5,577,400	\$130,300
Federal	713,200	17,600
Restricted	2,340,900	0
GF/GP	\$2,523,300	\$112,700

7. Viral Hemorrhagic Septicemia Surveillance

House adds a new line item and related boilerplate, Sections 457 and 458.

Gross	\$50,000	\$50,000
GF/GP	\$50,000	\$50,000

8. Pesticide and Plant Pest Management (PPPM)

Current year was reduced by \$266,000 GF/GP in SB 266, and by \$100,000 (restricted) by 5/7/07 transfer to another line item.

House adopts Executive recommendation; reduces GF/GP support by \$200,000 and 3 FTE field positions. Reflects \$348,700 (gross) economic increases; end of 5-year sick leave payout (\$21,100).

FTEs	119.8	(3.0)
Gross	\$13,060,000	\$493,600
Federal	3,744,600	97,600
Private	143,800	3,900
Restricted	4,567,300	221,700
GF/GP	\$4,604,300	\$170,400

9. Emerald Ash Borer Program

Reflects continuing reduction in federal support for this program.

FTEs	112.0	(0.0)
Gross	\$13,782,000	(\$3,605,700)
Federal	13,782,000	(3,605,700)

10. Environmental Stewardship

Current year was reduced by \$234,700 GF/GP in EO 2007-3.

The Executive budget eliminated support for department intercounty drain activities under the Drain Code of 1956 (\$469,300 GF/GP); reflects 50% cut in right-to-farm program (\$150,000 GF/GP); anticipated elimination Freshwater Protection Fund funding (\$89,900); and \$92,400 (Gross) in economic increases; end of 5-year sick leave payout (\$28,200).

FTEs	32.7	(5.0)
Gross	\$2,920,600	(\$253,300)
IDG	262,100	7,700
Federal	225,700	6,800
Restricted	82,900	(82,900)
GF/GP	\$2,349,900	(\$184,900)

The House substitute appropriates \$150,000 GF/GP more than the Executive to support the intercounty drain program.

11. Cooperative Resource Management Initiative

The Executive proposed elimination of line to reflect loss of DNR funding from Forest Development Fund. House retains line and fund source.

Gross	\$1,000,000	\$0
IDG	1,000,000	0

Major Budget Changes From FY 2006-07 YTD Appropriations**12. Local Conservation Districts**

Current year was reduced by \$758,400 GF/GP in EO 2007-3.

The Executive had recommended elimination of this GF/GP grant program. The House appropriates \$916,800, \$158,400 more than current-year-to-date, \$600,000 less than original FY 2006-07 enacted.

	FY 2006-07 YTD	House Change From YTD
Gross	\$758,400	\$158,400
GF/GP	\$758,400	\$158,400

13. Migrant Labor Housing

Recognizes \$25,000 from Migrant labor house fund established under 2005 PA 43. House adds \$250,000 (Federal) to recognize additional federal grants the department anticipates receiving.

Gross	\$150,100	\$275,000
Federal	150,000	250,000
Restricted	0	25,000
GF/GP	\$100	\$0

14. Laboratory Services

House adopts Executive recommendation; eliminates \$150,000 (GF/GP) from animal feed testing program; economic increases (\$173,800 gross); end of 5-year sick leave payout (\$2,300).

FTEs	62.5	(2.0)
Gross	\$6,239,900	\$21,500
IDG	189,100	0
Federal	916,200	0
Restricted	2,107,400	89,600
GF/GP	\$3,027,200	(68,100)

15. Consumer Protection Program

Line item supports motor fuel quality, weights and measures, and metrology laboratory. Budget recognizes economic increases of \$180,100. House bill agrees with Executive recommendation.

FTEs	67.5	0.0
Gross	\$4,948,600	\$180,100
Restricted	4,948,600	179,900
GF/GP	\$0	\$200

16. Agriculture Development

Current year was reduced by \$15,000 GF/GP in EO 2007-3, and increased by \$256,000 (restricted and federal) by transfer from other lines.

House bill eliminates \$30,000 grant to the NW Michigan Horticulture Station; recognizes additional federal revenue, industry support funds, economic increases (\$22,100), and end of 5-year sick leave payout (\$2,400). The Executive had proposed an additional \$500,000 GF/GP for *Buy Michigan* program; House bill adds \$150,000, \$350,000 GF/GP less than the Executive proposal.

FTEs	5.0	0.0
Gross	\$1,142,800	\$107,400
Private	40,000	800
Federal	342,500	(68,100)
Restricted	574,500	31,200
GF/GP	\$185,800	\$143,500

17. Future Farmers of America/Michigan 4-H

Executive proposed to eliminate grant funding for FFA (\$80,000) and Michigan 4-H, (\$20,000), due to anticipated reduction in AEIDF revenue. The House bill retains the lines.

Gross	\$100,000	\$0
Restricted	100,000	0

18. Building and Track Improvement – County and State Fairs

Executive proposed to eliminate line due to anticipated reduction in AEIDF revenue. The House bill retains the line.

Gross	\$963,200	\$0
Restricted	963,200	0

Major Budget Changes From FY 2006-07 YTD Appropriations**FY 2006-07 YTD****House Change
From YTD****19. Horse Industry Programs**

House adopts Executive proposal and appropriates \$10.2 million in AEIDF revenue for various horse programs/purses/awards; reduction from current year reflects reduction in estimated AEIDF revenue after completion of two permanent Detroit casinos, anticipated in 2007 and 2008.

Gross	\$12,881,600	(\$2,721,300)
Restricted	12,881,600	(2,721,300)

	FY 2006-07 YTD	FY 2007-08 Exec./House Rec.
Licensed tracks - light horse racing	\$170,900	\$132,000
Purses and supplements - fairs/licensed tracks	3,031,700	2,370,000
Standardbred breeders' awards	1,273,000	969,000
Standardbred purses and supplements - licensed tracks	2,305,700	1,789,300
Standardbred sire stakes	1,040,000	810,000
Standardbred training and stabling	44,900	36,000
Thoroughbred owners' awards	159,900	124,000
Thoroughbred program	3,092,400	2,400,000
Thoroughbred sire stakes	1,063,100	830,000
Distribution of winning tickets	700,000	700,000
TOTAL	\$12,881,600	\$10,160,300

20. Economics

Provides \$2.4 million (gross), \$1.1 million (GF/GP) for economic increases, including salaries and wages, insurance, retirement contributions, and building occupancy.

Gross	N/A	\$2,411,000
IDG	N/A	7,700
Federal	N/A	428,100
Private	N/A	4,700
Restricted	N/A	891,900
GF/GP	N/A	\$1,078,600

Boilerplate Appropriations -- The House includes an additional \$950,000 GF/GP appropriation contingent on the passage by the legislature of legislation to increase GF/GP revenue by not less than \$1.0 billion. The specific items are:
 Section 405: Food and Dairy – \$600,000 GF/GP
 Section 452: Bovine TB Program – \$200,000 GF/GP
 Section 608: Environmental Stewardship/Right to Farm – \$150,000 GF/GP

House Boilerplate Compared to FY 2006-07 YTD Appropriations**Sec. 201. State Spending – MODIFIED**

Standard section – updated to reflect Part 1.

Sec. 202. Management & Budget Act – RETAINED

Standard section – reference to PA 431 of 1984.

Sec. 203. Definitions – RETAINED**Sec. 204. Civil Service Billing – RETAINED**

Standard section – reference to Article XI of the Constitution.

Sec. 205. Hiring Freeze – RETAINED

Standard section establishing restrictions on hiring classified civil service employees.

Sec. 208. Internet Reports – RETAINED

Provides for Internet to fulfill reporting requirements.

Sec. 209. Foreign Goods & Services – RETAINED

Directs the department to give priority to purchase of Michigan goods and services.

Sec. 210. Deprived & Depressed Communities – RETAINED

Requires department director to take reasonable steps to ensure that businesses in deprived/depressed communities compete for contracts.

Sec. 212. Indemnification – RETAINED

Provides for indemnification under the Animal Industry Act, 1988 PA 466.

Sec. 214. Grant Notification – RETAINED

Requires ten-day notice to House and Senate appropriations subcommittees on Agriculture when a grant is made from any line item other than a grant line item.

Sec. 219. Information Technology as Work Projects – RETAINED

Provides for treatment of information technology projects as work projects.

Sec. 220. Information Technology User Fees – RETAINED

Provides for user fees for information technology projects.

Sec. 223. Out-of-State Travel – MODIFIED

Standard section – limitation on out-of-state travel, travel report. House modifies date references.

Sec. 224. Employee Discipline – RETAINED

Prohibits state departments or agencies from disciplining employees for communicating with the legislature.

Sec. 225. Agriculture and Livestock Education Pavilion – RETAINED

Indicates legislative intent that Department explore opportunities to expand facilities and size of MSU Pavilion for Agriculture and Livestock Education.

Sec. 227. Return on Investment – MODIFIED

Requires Department to provide summary report on real and potential return on investment for each of Department's programs. House updates date references.

Sec. 228. Contingency Funds – NEW

House provides for \$5.0 million federal, \$6.0 million state-restricted, \$100,000 local, and \$100,000 private contingency funds available only if transferred to a budgetary line item in accordance with the Management and Budget Act.

Sec. 301. Commission and Boards – RETAINED

Sets the per diem rates for commodity boards.

Sec. 302. Fee Revenue/Notification of Inspection Fee Changes – RETAINED

Authorizes use of certain fee revenue for department programs; provides for notification 30 days prior to proposing changes in fees authorized under Section 302 of the Market Conditions Act of 1915. Retains reporting requirement.

Sec. 304. Motor Fuel Quality – MODIFIED

House requires department to maintain same level of effort as in current fiscal year; eliminates specific \$3.8 million designation for program in current law.

Sec. 305. Equine Industry – NOT INCLUDED

House does not include one-time survey of the equine industry in Michigan.

Sec. 401. Restaurant Inspection and Licensing – RETAINED

Requires Department to monitor restaurant inspection and licensing activities conducted by locals and to report to Legislature.

Sec. 402. Food Safety – RETAINED

Requires Department to provide reports on food-borne outbreaks and emergencies related to food safety.

Sec. 403. Local Programs – RETAINED

Requires that local units of government obtain permission from the Department prior to moving or reallocating program funds appropriated in section 104.

Sec. 404. Consumer and Industry Food Education Fund – RETAINED

Requires that not less than \$150,000 from the fund be expended for purposes under Section 4114 of the Food Act of 2000.

Sec. 405. Food Safety Contingency – NEW

The House includes an additional \$600,000 GF/GP appropriation contingent on the passage by the legislature of legislation to increase GF/GP revenue by not less than \$1.0 billion.

Sec. 407. Carry Forward for Food and Dairy E-inspector Program– NEW

Directs that funds from FY 2006-07 budget not lapse but be carried forward as a work project for the e-inspector program.

Sec. 450. Bovine Tuberculosis (TB) – RETAINED

Requires Department to reimburse DNR for mutually-agreed-to bovine tuberculosis costs.

Sec. 451. Bovine Tuberculosis(Split State Status) – RETAINED

Requires Department to pay for all whole-herd and individual-animal testing costs to maintain split-state status.

Sec. 452. Bovine TB Program Contingency – NEW

The House includes an additional \$200,000 GF/GP appropriation contingent on the passage by the legislature of legislation to increase GF/GP revenue by not less than \$1.0 billion.

Sec. 456. Electronic Animal ID Program – NEW

Prohibits funding for mandatory electronic ID program for any domestic animal other than cattle.

Sec. 457. Aquaculture Carry-forward – NEW

Provides for carry forward of animal health and welfare program funds, from FY 2006-07 to FY 2007-08, to be used for aquaculture program.

Sec. 458. Earmark for Aquaculture and VHS eradication programs

Identifies funding for Viral Hemorrhagic Septicemia Surveillance and sets department program requirements.

Sec. 501. Laboratory Services – NEW

House provides a "sufficient amount" from licensing and inspection fees to provide for animal feed testing programs.

Sec. 603. Migrant Labor Housing – RETAINED

Requires Department to apply for any available federal funds to support the migrant labor housing program.

Sec. 604. Local Conservation Districts – MODIFIED

Provides \$11,600 for each of 79 local conservation districts. This had been \$19,200 in the current year, prior to Executive Order 2007-3.

Sec. 606. Match for USDA Environmental Quality Initiative – NEW

Directs Department to search for all possible funding sources to match USDA environmental quality initiative funds.

Sec. 607. Inter-county Drain Program – NEW

Indicates legislative intent that department continue its activities as provided under the Drain Code.

Sec. 608. Right to Farm Contingency – NEW

The House includes an additional \$150,000 GF/GP appropriation contingent on the passage by the legislature of legislation to increase GF/GP revenue by not less than \$1.0 billion.

Sec. 702. Food Bank – RETAINED

Allows the Food Bank Council to expend unused funds for direct food purchase.

Sec. 703. Northwest Michigan Horticultural Research Station – NOT INCLUDED

House does not include \$30,000 grant.

Sec. 704. FFA – Indirect Costs – MODIFIED

Prohibits indirect costs from being charged against the grant to FFA; House requires that grant (up to \$80,000) be matched by organization.

Sec. 705. Export Market – RETAINED

Directs state funding to be used to leverage export marketing programs offered by the federal government.

Sec. 706. Agricultural Development – MODIFIED

Requires Department to report on agricultural development and export market development activities; House updates date references.

Sec. 707. Agricultural Development Fund - RETAINED

Requires Department, in awarding grants from the fund, to give due consideration to the diversity of Michigan agriculture and its economic importance.

Sec. 708. Agricultural Development Fund – RETAINED

Authorizes Department to receive and expend monies from the fund.

Sec. 709. Grape and Wine Industry Council – MODIFIED

Requires Department to provide report describing activities of the council; House updates date reference.

Sec. 710. Export Markets – RETAINED

Allows Department to match external funding for domestic and international marketing programs to develop new and enhance existing export markets for Michigan agricultural products.

Sec. 711. 4-H Foundation – RETAINED

House requires that grant (up to \$20,000) be matched by organization.

Sec. 801. State Simulcasting Tax Revenue Report – RETAINED

Requires Department to submit a monthly report on state simulcasting tax revenue and license fees.

Sec. 802. Purses and Supplements - Licensed Tracks – MODIFIED

Identifies amounts to be used for state purse supplements at state licensed pari-mutuel tracks. House concurs with Executive in reduction from \$280,000, to \$220,000 from the AEIDF.

Sec. 803. Thoroughbred Program – MODIFIED

Provides funding from the *Thoroughbred program* line item to the Michigan United Thoroughbred Breeders and Owners Association to conduct a thoroughbred yearling show. House concurs with the Executive in reduction from \$30,500, to \$23,500 from the AEIDF.

Sec. 804. Thoroughbred Owners Awards – RETAINED

Provides funding for thoroughbred owners' awards.

Sec. 805. Agriculture Equine Fund Reduction Report – RETAINED

Requires Department to notify Legislature ten days prior to reductions in appropriations, allocations, or expenditures from the Agriculture Equine Industry Development Fund.

Sec. 806. Fair Prizes and Awards – RETAINED

Requires fairs to publish rules and guidelines for exhibits eligible for state premiums; establishes grievance procedures.

Sec. 807. Purse Supplements – RETAINED

Provides for overnight purse supplements.

Sec. 808. Horse Show – RETAINED

Allocates \$91,400 from premiums line for grants for large livestock and equine exhibitors; Michigan Horse Show Association's Fall Youth Show.

Sec. 809. Youth in Agriculture – RETAINED

Allocates \$40,000 from *Premiums – county and state fairs* for a grant to promote youth involvement in the animal agriculture industry; establishes guidelines for eligibility to receive grants.

Sec. 811. Outstanding Unclaimed Tickets – RETAINED

Prohibits using funds for distribution of outstanding winning tickets until they are deposited in the Agriculture Equine Industry Development Fund. Department is to provide ten-day notice before funds are spent.

Sec. 901. Criminal Activity Information Rewards – RETAINED

Allows Racing Commissioner to pay rewards up to \$5,800 to individuals who provide information on criminal activity involving the horse racing industry.

Sec. 902. Thoroughbred Program "Escrow" – NEW

Directs that in the event that there is not live thoroughbred meet in 2008, all purse and program money appropriated in FY 2007-08 be held in escrow for a period not to exceed 18 months.