

FY 2009-10 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed by the House
House Bill 4288 (H-1)



HFA Director: Mitchell E. Bean
 Supplemental Coordinator: Kyle I. Jen
 Agriculture Analyst: William E. Hamilton

	Executive*		House		Senate	
Budget Area	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture	\$485,100	\$301,000	\$7,391,500	\$301,000		
State Police	0	0	0	0		
TOTAL	\$485,100	\$301,000	\$7,391,500	\$301,000		

*Reflects SBO supplemental letter dated October 26, 2009.

OVERVIEW

House Bill 4288 contains FY 2009-10 supplemental appropriations for the Department of Agriculture.

The House substitute would restore, in part, funding for certain line items vetoed by the Governor from the original FY 2009-10 Agriculture appropriation bill, Enrolled Senate Bill 237. In passing Senate Bill 237, the Legislature did not follow the Executive recommendation with regard to appropriations for horse racing programs, including appropriations for the Office of Racing Commissioner. The Executive budget had recommended funding the Office of Racing Commissioner using \$2.5 million from the Agriculture Equine Industry Development Fund (AEIDF), a revenue source generated from a tax on simulcast race wagering at race tracks. Instead, the enrolled bill had funded the Office of Racing Commissioner from the State Services Fee Fund (SSFF), a revenue source derived from a kind of licensing fee paid annually by the three Detroit casinos under the Michigan Gaming Control Act. By using SSFF revenue for the Office of Racing Commissioner, the enrolled bill was able to include additional AEIDF revenue for direct horse racing purses and purse supplements, grants which are ultimately paid to horse owners and breeders under provisions of the Horse Racing Act of 1995.

The Governor rejected the Legislature's proposed funding and vetoed the entire appropriation for the Office of Racing Commissioner, and all 13 line items in the Fairs and Expositions appropriation unit (including 10 horse racing purse and purse supplement lines).

The bill would restore, in part, those vetoed lines. Specifically, the bill would fund the Office of Racing Commissioner at \$2.5 million – same as the enrolled bill – but using AEIDF as a fund source rather than SSFF revenue. In addition, the bill would restore 10 purse and purse supplement lines that directly support horse racing, at levels more closely aligned to estimated AEIDF revenue. The bill would also restore funding for the *Fairs, racing, and producer security* line item. Fairs, Racing, and Producer Security, a line item which supports the department's grain elevator regulatory program under the Grain Dealers Act (PA 141 of 1939) is the only line in the bill which includes General Fund support.

The department indicates that if funding is not restored to the Office of Racing Commission and to the Fairs, Racing, and Producer Security lines by November 5, 2009, 25 department employees would be laid off. The layoff of Office of Racing Commission employees would prevent the running of live horse racing in November – there appear to be 24 races currently scheduled. The department has already issued layoff notices.

Note that if the Office of Racing Commissioner is transferred to the Michigan Gaming Control board under Executive Order 2009-45, appropriation spending authority would also simply transfer to the Michigan Gaming Control Board to support transferred Office of Racing Commissioner regulatory activities.

Finally, the bill contains a single boilerplate section for the Department of State Police related to school bus inspections.

More detailed information on appropriation line items and boilerplate sections in the bill is provided below.

FY 2009-10 Appropriation Items:**AGRICULTURE**

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	\$485,100	\$989,500	
Restricted	184,100	688,500	
GF/GP	\$301,000	\$301,000	

1. Horse Racing and Producer Security

Would restore, in part, funding vetoed by the Governor. The line supports the department's grain elevator regulatory program. The department provides financial regulatory oversight to protect farm producers who store grain in the elevators. The department audits for financial solvency and measure grain inventory. Restricted funds in the line are provided by Licensing and inspection fees, \$163,500, Industry support funds, \$75,000; and \$450,000 from the AEIDF. (Portion of this item requested in 10/26/09 letter from State Budget Office.)

2. Horse Racing Industry Programs

Appropriates \$3.3 million in AEIDF revenue for horse racing programs to restore, in part, line items vetoed by the Governor from the enrolled bill. The appropriation in the enrolled bill was \$6.1 million.

Gross	--	\$3,902,000	
Restricted	--	3,902,000	

Purses & supplements-fairs/licensed tracks	\$872,000
Licensed tracks - light horse racing	16,000
Standardbred (SB) breeders' awards	250,000
SB purses/supplements-licensed tracks	744,000
SB sire stakes	360,000
SB training and stabling	(Not included)
Thoroughbred program	760,000
Thoroughbred sire stakes	360,000
Thoroughbred owners' awards	(Not included)
Distribution of outstanding winning tickets	500,000
Total	\$3,902,000

3. Office of Racing Commissioner

Provides \$2.5 million in from the AEIDF to restore spending authority vetoed by the Governor from the enrolled bill, SB 237. Enrolled Senate Bill had funded this line using SSSF revenue.

Gross	--	\$2,500,000	
Restricted	--	\$2,500,000	

FY 2009-10 Boilerplate Items:**GENERAL****1. Temporary Nature of ARRA Funds**

States that ARRA funds are temporary in nature and that program funding levels and state employees supported by the funds will not be continued.

<u>Executive</u>	<u>House</u>	<u>Senate</u>
Not Included	Sec. 203	

2. Boilerplate Appropriation of Additional Funds

Appropriates any additional ARRA funds awarded to Michigan through recalculation of formulas or under federal redistribution provisions; requires report to Legislature. (10/21/09 SBO letter)

Included Sec. 210

3. Carry-Forward Authority

Provides for the carry-forward of unexpended ARRA funds into the succeeding fiscal year in conformance with Section 451a of the Management and Budget Act (work project provisions). (10/21/09 SBO letter)

Included Sec. 211

4. Federal Requirements Incorporated by Reference

Requires subrecipients of ARRA funds appropriated to comply with all federal requirements regarding certification, assurances, accountability, and transparency. (10/21/09 SBO letter)

Included Sec. 212

AGRICULTURE**5. Purses and Supplements - Licensed Tracks**

Earmark from the purses and supplements line item of \$140,000 (AEIDF) for Michigan-bred 4-year old colts.

Not Included Sec. 802

6. Thoroughbred Program Tracks

Provides earmark from Thoroughbred program line to Michigan United Thoroughbred Breeders and Owners Association to conduct a thoroughbred yearling show – \$15,500 (AEIDF).

Not Included Sec. 803

FY 2009-10 Boilerplate Items:

7. *Thoroughbred Owners Awards*

References appropriation for thoroughbred owners' awards; references Horse Racing Law of 1995.

Executive

Not Included

House

Sec. 804

Senate

8. *Purse Supplements*

Earmark from the purses and supplements line item of "a sufficient amount" for overnight purse supplements.

Not Included

Sec. 807

9. *Outstanding Unclaimed Tickets*

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.

Not Included

Sec. 811

10. *Thoroughbred Program Escrow*

Provides for the "escrowing" of funds for the thoroughbred program.

Not Included

Sec. 812

11. *Notice of Intent to File Administrative Rules*

Requires Office or Racing Commissioner to inform certified horsemen's organization of intent to file administrative rules.

Not Included

Sec. 813

STATE POLICE

12. *School Bus Inspections*

States that school bus inspection stickers issued by the Department of State Police in 2009 are effective through September 30, 2010.

Not Included

Sec. 901