

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 947, entitled

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2013; and to provide for the expenditure of the appropriations.

Recommends:

First: That the House recede from the Substitute of the House as passed by the House.

Second: That the Senate and House agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

(attached)

Third: That the Senate and House agree to the title of the bill to read as follows:

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2013; and to provide for the expenditure of the appropriations.

Mike Green

Phil Potvin

Roger Kahn

Anthony G. Forlini

Hoon-Yung Hopgood

Jim Ananich

Conferees for the Senate

Conferees for the House

**SUBSTITUTE FOR
SENATE BILL NO. 947**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2013; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS
FOR FISCAL YEAR 2012-2013

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of agriculture and rural development for the fiscal year ending September 30, 2013, from the funds indicated in this part. The following is a summary of the appropriations in this part:

1	DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT		
2	APPROPRIATION SUMMARY		
3	Full-time equated unclassified positions.....	6.0	
4	Full-time equated classified positions.....	425.0	
5	GROSS APPROPRIATION.....	\$	76,953,000
6	Interdepartmental grant revenues:		
7	IDG from LARA (LCC), liquor quality testing fees		209,900
8	IDG from MDNR, forest development fund.....		200,000
9	IDG from MDEQ, biosolids.....		107,000
10	One-time interdepartmental grant revenues.....		2,400
11	Total interdepartmental grants and intradepartmental		
12	transfers		519,300
13	ADJUSTED GROSS APPROPRIATION.....	\$	76,433,700
14	Federal revenues:		
15	USDA, multiple grants.....		7,629,800
16	EPA, multiple grants.....		1,704,400
17	HHS-FDA.....		1,780,400
18	One-time federal revenues.....		85,000
19	Total federal revenues.....		11,199,600
20	Special revenue funds:		
21	Total local revenues.....		0
22	Private - slow-the-spread foundation.....		86,800
23	Private - commodity group revenue.....		87,500
24	One-time private revenues.....		1,500
25	Total private revenues.....		175,800
26	Agricultural preservation fund.....		1,395,300
27	Agriculture equine industry development fund.....		3,834,900

1	Animal welfare fund.....	209,600
2	Commodity inspection fees.....	566,300
3	Consumer and industry food safety education fund.....	306,200
4	Dairy and food safety fund.....	3,159,800
5	Freshwater protection fund.....	5,095,500
6	Gasoline inspection and testing fund.....	2,570,200
7	Grain dealer fee fund.....	535,200
8	Horticulture fund.....	75,800
9	Industry support funds.....	549,100
10	Licensing and inspection fees.....	4,266,800
11	Migratory labor housing fund.....	157,000
12	Nonretail liquor fees.....	782,900
13	Refined petroleum fund.....	4,012,000
14	Renewable fuels fund.....	50,000
15	Testing fees.....	475,300
16	Weights and measures regulation fees.....	771,400
17	One-time state restricted revenues.....	146,100
18	Total other state restricted revenues.....	28,959,400
19	State general fund/general purpose.....	\$ 36,098,900
20	State general fund/general purpose schedule:	
21	Ongoing state general fund/general	
22	purpose	33,863,600
23	One-time state general fund/general	
24	purpose	2,235,300
25	Sec. 102. DEPARTMENTWIDE	
26	Full-time equated unclassified positions.....	6.0
27	Full-time equated classified positions.....	27.0

1	Commissions and boards.....	\$	23,800
2	Unclassified positions--6.0 FTE positions.....		700,000
3	Executive direction--9.0 FTE positions.....		1,287,300
4	Management services--15.0 FTE positions.....		995,200
5	Statistical reporting service--1.0 FTE positions.....		157,300
6	Emergency management--2.0 FTE positions.....		770,500
7	Accounting service center.....		920,200
8	Rent and building occupancy.....		<u>1,008,700</u>
9	GROSS APPROPRIATION.....	\$	5,863,000
10	Appropriated from:		
11	Federal revenues:		
12	USDA, multiple grants.....		228,400
13	EPA, multiple grants.....		177,000
14	HHS-FDA.....		552,300
15	Special revenue funds:		
16	Private - commodity group revenue.....		87,500
17	Agricultural preservation fund.....		23,100
18	Freshwater protection fund.....		34,100
19	Industry support funds.....		49,500
20	Licensing and inspection fees.....		159,500
21	Nonretail liquor fees.....		38,100
22	Refined petroleum fund.....		320,300
23	State general fund/general purpose.....	\$	4,193,200
24	Sec. 103. INFORMATION AND TECHNOLOGY		
25	Information technology services and projects.....	\$	<u>1,384,900</u>
26	GROSS APPROPRIATION.....	\$	1,384,900
27	Appropriated from:		

1	Interdepartmental grant revenues:	
2	IDG from LARA (LCC), liquor quality testing fees	3,000
3	Special revenue funds:	
4	Agricultural preservation fund.....	200
5	Agriculture equine industry development fund.....	80,800
6	Freshwater protection fund.....	100
7	Gasoline inspection testing fund.....	29,500
8	Licensing and inspection fees.....	30,400
9	Nonretail liquor fees.....	500
10	State general fund/general purpose.....	\$ 1,240,400
11	Sec. 104. FOOD AND DAIRY	
12	Full-time equated classified positions.....	101.0
13	Food safety and quality assurance--75.0 FTE positions	\$ 10,167,500
14	Milk safety and quality assurance--26.0 FTE positions	<u>3,474,800</u>
15	GROSS APPROPRIATION.....	\$ 13,642,300
16	Appropriated from:	
17	Federal revenues:	
18	USDA, multiple grants.....	247,500
19	HHS-FDA.....	476,400
20	Special revenue funds:	
21	Consumer and industry food safety education fund.....	306,200
22	Dairy and food safety fund.....	3,159,800
23	State general fund/general purpose.....	\$ 9,452,400
24	Sec. 105. ANIMAL INDUSTRY	
25	Full-time equated classified positions.....	60.0
26	Animal disease prevention and response--60.0 FTE	
27	positions	\$ 8,956,700

1	Indemnification - livestock depredation.....	<u>50,000</u>
2	GROSS APPROPRIATION.....	\$ 9,006,700
3	Appropriated from:	
4	Federal revenues:	
5	USDA, multiple grants.....	836,200
6	HHS-FDA.....	44,200
7	Special revenue funds:	
8	Animal welfare fund.....	209,600
9	Licensing and inspection fees.....	123,100
10	State general fund/general purpose.....	\$ 7,793,600
11	Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT	
12	Full-time equated classified positions.....	81.0
13	Pesticide and plant pest management--77.0 FTE	
14	positions	\$ 10,610,100
15	Producer security/grain dealers--4.0 FTE positions ...	<u>574,200</u>
16	GROSS APPROPRIATION.....	\$ 11,184,300
17	Appropriated from:	
18	Federal revenues:	
19	USDA, multiple grants.....	1,166,100
20	EPA, multiple grants.....	769,500
21	HHS-FDA.....	113,700
22	Special revenue funds:	
23	Private - slow-the-spread foundation.....	86,800
24	Commodity inspection fees.....	566,300
25	Grain dealers fee fund.....	535,200
26	Horticulture fund.....	75,800
27	Industry support funds.....	350,800

1	Licensing and inspection fees.....		3,866,700
2	State general fund/general purpose.....	\$	3,653,400
3	Sec. 107. ENVIRONMENTAL STEWARDSHIP		
4	Full-time equated classified positions.....	50.0	
5	Environmental stewardship--18.0 FTE positions.....	\$	6,146,500
6	Michigan agriculture environmental assurance program--		
7	7.0 FTE positions		1,621,500
8	Farmland and open space preservation--9.0 FTE		
9	positions		872,000
10	Private forest development program.....		200,000
11	Local conservation districts.....		100
12	Migrant labor housing--9.0 FTE positions.....		1,156,900
13	Right-to-farm--3.0 FTE positions.....		555,100
14	Intercounty drain--4.0 FTE positions.....		<u>453,100</u>
15	GROSS APPROPRIATION.....	\$	11,005,200
16	Appropriated from:		
17	Interdepartmental grant revenues:		
18	IDG from MDNR, forest development fund.....		200,000
19	IDG from MDEQ, biosolids.....		107,000
20	Federal revenues:		
21	USDA, multiple grants.....		1,035,200
22	EPA, multiple grants.....		373,800
23	Special revenue funds:		
24	Agricultural preservation fund.....		872,000
25	Freshwater protection fund.....		5,061,300
26	Migratory labor housing fund.....		157,000
27	State general fund/general purpose.....	\$	3,198,900

1	Sec. 108. LABORATORY PROGRAM		
2	Full-time equated classified positions.....	90.0	
3	Laboratory services--38.0 FTE positions.....	\$	5,686,400
4	USDA monitoring--13.0 FTE positions.....		2,548,700
5	Consumer protection program--39.0 FTE positions.....		<u>5,667,300</u>
6	GROSS APPROPRIATION.....	\$	13,902,400
7	Appropriated from:		
8	Interdepartmental grant revenues:		
9	IDG from LARA (LCC), liquor quality testing fees.....		206,900
10	Federal revenues:		
11	USDA, multiple grants.....		2,549,600
12	EPA, multiple grants.....		384,100
13	HHS-FDA.....		593,800
14	Special revenue funds:		
15	Agriculture equine industry development fund.....		592,400
16	Gasoline inspection and testing fund.....		2,540,700
17	Licensing and inspection fees.....		87,100
18	Refined petroleum fund.....		3,691,700
19	Renewable fuels fund.....		50,000
20	Testing fees.....		475,300
21	Weights and measures regulation fees.....		771,400
22	State general fund/general purpose.....	\$	1,959,400
23	Sec. 109. AGRICULTURE DEVELOPMENT		
24	Full-time equated classified positions.....	13.0	
25	Agriculture development--10.0 FTE positions.....	\$	2,712,000
26	Grape and wine program--3.0 FTE positions.....		788,600
27	Rural development value-added grants.....		<u>1,050,000</u>

1	GROSS APPROPRIATION.....	\$	4,550,600
2	Appropriated from:		
3	Federal revenues:		
4	USDA, multiple grants.....		1,566,800
5	Special revenue funds:		
6	Industry support funds.....		148,800
7	Nonretail liquor fees.....		744,300
8	State general fund/general purpose.....	\$	2,090,700
9	Sec. 110. FAIRS AND EXPOSITIONS		
10	Full-time equated classified positions..... 3.0		
11	Fairs and racing--3.0 FTE positions.....	\$	351,100
12	County fairs capital improvement grants.....		281,600
13	Purses and supplements - fairs/licensed tracks.....		708,300
14	Licensed tracks - light horse racing.....		40,300
15	Light horse racing - breeders awards.....		20,000
16	Standardbred breeders' awards.....		285,900
17	Standardbred purses and supplements - licensed tracks		527,800
18	Standardbred sire stakes.....		239,000
19	Thoroughbred supplements - licensed tracks.....		385,900
20	Thoroughbred breeder's awards.....		358,600
21	Thoroughbred sire stakes.....		<u>244,800</u>
22	GROSS APPROPRIATION.....	\$	3,443,300
23	Appropriated from:		
24	Special revenue funds:		
25	Agriculture equine industry development fund.....		3,161,700
26	State general fund/general purpose.....	\$	281,600
27	Sec. 111. CAPITAL OUTLAY		

1	Farmland and open space development acquisition.....	\$	<u>500,000</u>
2	GROSS APPROPRIATION.....	\$	500,000
3	Appropriated from:		
4	Special revenue funds:		
5	Agriculture preservation fund.....		500,000
6	State general fund/general purpose.....	\$	0
7	Sec. 112. ONE-TIME BASIS ONLY		
8	State employee lump-sum payments.....	\$	470,300
9	Private forestry program.....		600,000
10	Rural development value-added grants (1-time)		900,000
11	New food safety requirements.....		<u>500,000</u>
12	GROSS APPROPRIATION.....	\$	2,470,300
13	Appropriated from:		
14	One-time interdepartmental grant revenues.....		2,400
15	One-time federal revenues.....		85,000
16	One-time private revenues.....		1,500
17	One-time state restricted revenues.....		146,100
18	State general fund/general purpose.....	\$	2,235,300

19 PART 2

20 PROVISIONS CONCERNING APPROPRIATIONS

21 FOR FISCAL YEAR 2012-2013

22 **GENERAL SECTIONS**

23 Sec. 201. Pursuant to section 30 of article IX of the state
 24 constitution of 1963, total state spending from state resources
 25 under part 1 for fiscal year 2012-2013 is \$65,058,300.00 and state

1 spending from state resources to be paid to local units of
 2 government for fiscal year 2012-2013 is \$1,500,000.00. The itemized
 3 statement below identifies appropriations from which spending to
 4 local units of government will occur:

5 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

6	Environmental protection.....	\$	<u>1,500,000</u>
7	TOTAL.....	\$	1,500,000

8 Sec. 202. The appropriations authorized under this act are
 9 subject to the management and budget act, 1984 PA 431, MCL 18.1101
 10 to 18.1594.

11 Sec. 203. As used in this act:

12 (a) "Department" means the department of agriculture and rural
 13 development.

14 (b) "Director" means the director of the department.

15 (c) "EPA" means the United States environmental protection
 16 agency.

17 (d) "FTE" means full-time equated.

18 (e) "HHS-FDA" means the United States department of health and
 19 human services - food and drug administration.

20 (f) "IDG" means interdepartmental grant.

21 (g) "LARA" means the Michigan department of licensing and
 22 regulatory affairs.

23 (h) "MDEQ" means the Michigan department of environmental
 24 quality.

25 (i) "USDA" means the United States department of agriculture.

26 Sec. 204. The civil service commission shall bill departments
 27 and agencies at the end of the first fiscal quarter for the charges

1 authorized by section 5 of article XI of the state constitution of
2 1963. Payments shall be made for the total amount of the billing by
3 the end of the second fiscal quarter.

4 Sec. 206. (1) In addition to the funds appropriated in part 1,
5 there is appropriated an amount not to exceed \$5,000,000.00 for
6 federal contingency funds. These funds are not available for
7 expenditure until they have been transferred to another line item
8 in this act under section 393(2) of the management and budget act,
9 1984 PA 431, MCL 18.1393.

10 (2) In addition to the funds appropriated in part 1, there is
11 appropriated an amount not to exceed \$6,000,000.00 for state
12 restricted contingency funds. These funds are not available for
13 expenditure until they have been transferred to another line item
14 in this act under section 393(2) of the management and budget act,
15 1984 PA 431, MCL 18.1393.

16 (3) In addition to the funds appropriated in part 1, there is
17 appropriated an amount not to exceed \$100,000.00 for local
18 contingency funds. These funds are not available for expenditure
19 until they have been transferred to another line item in this act
20 under section 393(2) of the management and budget act, 1984 PA 431,
21 MCL 18.1393.

22 (4) In addition to the funds appropriated in part 1, there is
23 appropriated an amount not to exceed \$100,000.00 for private
24 contingency funds. These funds are not available for expenditure
25 until they have been transferred to another line item in this act
26 under section 393(2) of the management and budget act, 1984 PA 431,
27 MCL 18.1393.

1 Sec. 207. The department shall maintain a searchable website
2 accessible by the public at no cost that includes, but is not
3 limited to, all of the following:

4 (a) Fiscal year-to-date expenditures by category.

5 (b) Fiscal year-to-date expenditures by appropriation unit.

6 (c) Fiscal year-to-date payments to a selected vendor,
7 including the vendor name, payment date, payment amount, and
8 payment description.

9 (d) The number of active department employees by job
10 classification.

11 (e) Job specifications and wage rates.

12 Sec. 208. Unless otherwise specified, the departments shall
13 use the Internet to fulfill the reporting requirements of this act.
14 This requirement may include transmission of reports via electronic
15 mail to the recipients identified for each reporting requirement,
16 or it may include placement of reports on an Internet or Intranet
17 site.

18 Sec. 209. Funds appropriated in part 1 shall not be used for
19 the purchase of foreign goods or services, or both, if
20 competitively priced and of comparable quality American goods or
21 services, or both, are available. Preference shall be given to
22 goods or services, or both, manufactured or provided by Michigan
23 businesses, if they are competitively priced and of comparable
24 quality. In addition, preference shall be given to goods or
25 services, or both, that are manufactured or provided by Michigan
26 businesses owned and operated by veterans, if they are
27 competitively priced and of comparable quality.

1 Sec. 211. Amounts appropriated in part 1 for information
2 technology may be designated as work projects and carried forward
3 to support technology projects under the direction of the
4 department of technology, management, and budget. Funds designated
5 in this manner are not available for expenditure until approved as
6 work projects under section 451a of the management and budget act,
7 1984 PA 431, MCL 18.1451a.

8 Sec. 212. The department and agencies receiving appropriations
9 in part 1 shall receive and retain copies of all reports funded
10 from appropriations in part 1. Federal and state guidelines for
11 short-term and long-term retention of records shall be followed.
12 The department may electronically retain copies of reports unless
13 otherwise required by federal and state guidelines.

14 Sec. 214. From the funds appropriated in part 1 for
15 information technology, departments and agencies shall pay user
16 fees to the department of technology, management, and budget for
17 technology-related services and projects. The user fees shall be
18 subject to provisions of an interagency agreement between the
19 department and agencies and the department of technology,
20 management, and budget.

21 Sec. 215. The department shall not take disciplinary action
22 against an employee for communicating with a member of the
23 legislature or his or her staff.

24 Sec. 218. The departments and agencies receiving
25 appropriations in part 1 shall prepare a report on out-of-state
26 travel expenses not later than January 1 of each year. The travel
27 report shall be a listing of all travel by classified and

1 unclassified employees outside this state in the immediately
2 preceding fiscal year that was funded in whole or in part with
3 funds appropriated in the department's budget. The report shall be
4 submitted to the house and senate standing committees on
5 appropriations, the house and senate fiscal agencies, and the state
6 budget director. The report shall include the following
7 information:

8 (a) The dates of each travel occurrence.

9 (b) The total transportation and related costs of each travel
10 occurrence, including the proportion funded with state general
11 fund/general purpose revenues, the proportion funded with state
12 restricted revenues, the proportion funded with federal revenues,
13 and the proportion funded with other revenues.

14 Sec. 219. It is the intent of the legislature that all
15 principal executive departments and agencies cooperate with the
16 development and implementation of the department of technology,
17 management, and budget statewide office space consolidation plan.

18 Sec. 228. Not later than November 15, the department shall
19 prepare and transmit a report that provides for estimates of the
20 total general fund/general purpose appropriation lapses at the
21 close of the fiscal year. This report shall summarize the projected
22 year-end general fund/general purpose appropriation lapses by major
23 departmental program or program areas. The report shall be
24 transmitted to the office of the state budget, the chairpersons of
25 the senate and house of representatives standing committees on
26 appropriations, and the senate and house fiscal agencies.

27 Sec. 229. Within 14 days after the release of the executive

1 budget recommendation, the department shall provide the state
2 budget director, the senate and house appropriations chairs, the
3 senate and house appropriations subcommittees on agriculture and
4 rural development, respectively, and the senate and house fiscal
5 agencies with an annual report on estimated state restricted fund
6 balances, state restricted fund projected revenues, and state
7 restricted fund expenditures for the fiscal years ending September
8 30, 2012 and September 30, 2013.

9 Sec. 230. Funds appropriated in part 1 shall not be used by a
10 principal executive department, state agency, or authority to hire
11 a person to provide legal services that are the responsibility of
12 the attorney general. This prohibition does not apply to legal
13 services for bonding activities and for those outside services that
14 the attorney general authorizes.

15 Sec. 231. By October 31, 2012, the department shall identify
16 10 principal measurable outcomes to be affected by expenditure of
17 the funds appropriated in part 1 and submit a report to the house
18 and senate appropriations committees, the house and senate fiscal
19 agencies, and the state budget director that ranks the outcomes by
20 level of importance and contains current data on those outcomes.
21 Beginning on April 1, 2013, the department shall provide biannual
22 updates to the house and senate appropriations committees on
23 changes in those measurable outcomes and departmental efforts to
24 improve the outcomes.

25 EXECUTIVE

26 Sec. 301. (1) Pursuant to the appropriations in part 1, the

1 department may receive and expend revenue and use that revenue to
2 cover necessary expenses related to publications, audit and
3 licensing functions, livestock sales, certification of nursery
4 stock, and laboratory analyses as specified in the following:

5 (a) Management services publications.

6 (b) Management services audit and licensing functions.

7 (c) Pesticide and plant pest management propagation and
8 certification of virus-free foundation stock.

9 (d) Pesticide and plant pest management grading services.

10 (e) Laboratory support testing for testing horses in draft
11 horse pulling contests at county fairs when local jurisdictions
12 request state assistance.

13 (f) Laboratory support analyses to determine foreign
14 substances in horses engaged in racing or pulling contests at
15 tracks.

16 (g) Laboratory support analyses of food, livestock, and
17 agricultural products for disease, foreign products for disease,
18 toxic materials, foreign substances, and quality standards.

19 (h) Laboratory support test samples for other agencies and
20 organizations.

21 (i) Fruit and vegetable inspection at shipping and termination
22 points and processing plants.

23 (2) The department shall notify the senate and house
24 appropriations subcommittees on agriculture and rural development
25 and the senate and house fiscal agencies 30 days prior to proposing
26 changes in fees authorized under this section or under section 5 of
27 1915 PA 91, MCL 285.35.

1 (3) Annually, before February 1, the department shall provide
2 a report to the senate and house appropriations subcommittees on
3 agriculture and rural development and the senate and house fiscal
4 agencies detailing all the fees charged by the department under the
5 authorization provided in this section, including, but not limited
6 to, rates, number of individuals paying each fee, and the revenue
7 generated by each fee in the previous fiscal year.

8 Sec. 302. Of the funds appropriated in part 1 that are other
9 than line-item grants, the department shall not provide grants to
10 local government agencies, institutions of higher education, or
11 nonprofit organizations unless the department provides notice of
12 the grant to the senate and house appropriations subcommittees on
13 agriculture and rural development at least 10 days before the grant
14 is issued. The grants shall be used to support research or other
15 related activities for the purpose of enhancing the agricultural
16 industries in this state.

17 **FOOD AND DAIRY**

18 Sec. 402. Not later than April 1, 2013, the department shall
19 provide a report to the senate and house appropriations
20 subcommittees on agriculture and rural development and the senate
21 and house fiscal agencies describing significant food-borne
22 outbreaks and emergencies, including any enforcement actions taken
23 related to food safety during the 2011-2012 fiscal year.

24 **ANIMAL INDUSTRY**

25 Sec. 451. From the funds appropriated in part 1 for bovine

1 tuberculosis, the department shall pay for all whole herd testing
2 costs and individual animal testing costs in the modified
3 accredited zone to maintain split-state status requirements. These
4 costs include indemnity and compensation for injury causing death
5 or downer to animals.

6 Sec. 453. (1) Of the funds appropriated in part 1, the
7 department may provide for indemnity as provided for pursuant to
8 the animal industry act, 1988 PA 466, MCL 287.701 to 287.746, not
9 to exceed \$100,000.00 per order from any line item for the fiscal
10 year ending September 30, 2012. Before the department provides for
11 an indemnification under this section, the department shall report
12 the reason for the indemnification, the amount of the
13 indemnification, and to whom the indemnification is to be paid. The
14 report shall be given to each member of the senate and house
15 appropriations subcommittees on agriculture and rural development
16 and to the senate and house fiscal agencies and to the state budget
17 director.

18 (2) The department of agriculture and rural development shall
19 make an indemnification payment for the fair market value of
20 livestock killed by a wolf, coyote, or cougar, if the kill is
21 verified by the department of natural resources. The fair market
22 value of the livestock shall be determined pursuant to the
23 indemnification procedures prescribed in the animal industry act,
24 1988 PA 466, MCL 287.701 to 287.745.

25 (3) The funds appropriated in part 1 for indemnification -
26 livestock depredation are appropriated for indemnification payments
27 and related department costs under subsection (2). On or before

1 March 1, 2013, the department shall report to the house and senate
2 appropriations subcommittees on agriculture and rural development,
3 and the house and senate fiscal agencies, on costs incurred in the
4 2010-2011 and 2011-2012 fiscal years for indemnification payments
5 to producers made under subsection (2) and related department
6 costs.

7 Sec. 454. The department shall use its resources to
8 collaborate with the United States department of agriculture and
9 rural development to obtain TB-free status for the area of the
10 Lower Peninsula that is zoned as modified accredited advanced. The
11 department shall also aggressively work toward eradicating bovine
12 TB in the modified accredited zone. The department shall also
13 convene a workgroup to work toward eradicating bovine TB in the
14 modified accredited zone.

15 Sec. 456. Of the funds appropriated in part 1, no funds shall
16 be used to enforce the mandatory electronic animal identification
17 program for any domestic animals other than cattle until specific
18 procedures and guidelines for electronic animal identification are
19 outlined in statute.

20 Sec. 457. On or before October 15, 2012, and on a quarterly
21 basis thereafter, the department shall report to the senate and
22 house agriculture committees, the senate and house appropriations
23 subcommittees on agriculture and rural development, and the senate
24 and house fiscal agencies on the department's progress toward
25 meeting the USDA requirements as outlined in the March 2007 bovine
26 TB program review. The report shall include, but is not limited to,
27 information and data on: wildlife risk mitigation plan

1 implementation in the modified accredited zone; implementation of a
2 movement certificate process; progress toward annual surveillance
3 test requirements set out in the June 2007 MOU; efforts to work
4 with slaughter facilities in Michigan, as well as those that
5 slaughter a significant number of animals from Michigan;
6 educational programs and information for Michigan's livestock
7 community; any other item the legislature should be aware of that
8 will promote or hinder efforts to achieve bovine TB-free status for
9 Michigan.

10 Sec. 458. From the funds appropriated in part 1 for animal
11 industry, the department shall provide inspection and testing of
12 aquaculture facilities and aquaculture researchers as provided
13 under section 7 of the Michigan aquaculture development act, 1996
14 PA 199, MCL 286.877. It is the intent of the legislature that the
15 department shall work with aquaculture facilities and aquaculture
16 researchers to identify, contain, and eradicate viral hemorrhagic
17 septicemia in this state.

18 **PESTICIDE AND PLANT PEST MANAGEMENT**

19 Sec. 551. (1) It is the intent of the legislature that the
20 department work with the fruit and vegetable industry to ensure the
21 development of a sustainable system of third-party inspections of
22 fruits and vegetables.

23 (2) From the funds appropriated in part 1 for pesticide and
24 plant pest management, not less than \$200,000.00 shall be used for
25 the purpose to ensure that Michigan commodities receive
26 departmental inspections required by other governments to ship

1 commodities out of Michigan. The department shall devise a plan to
2 provide these required government inspections in a timely manner.

3 Sec. 552. The department is encouraged to work with local
4 public health departments and with the USDA to maintain and expand
5 the clean sweep program for the safe disposal of hazardous
6 household chemicals and prescription drugs. The department shall
7 report to the house and senate appropriations subcommittees on
8 agriculture and rural development and the house and senate fiscal
9 agencies by March 1, 2013 on clean sweep locations in this state
10 and on factors affecting program success and expansion including
11 funding requirements.

12 ENVIRONMENTAL STEWARDSHIP

13 Sec. 601. The part 1 appropriation line item environmental
14 stewardship shall be used to support department agriculture
15 pollution prevention programs, including groundwater and freshwater
16 protection programs under part 87 of the Michigan natural resources
17 and environmental protection act, 1994 PA 451, MCL 324.8701 to
18 324.8717, and technical assistance in implementing conservation
19 grants available under the federal farm bill of 2008.

20 Sec. 606. The department shall actively search for all
21 possible funding sources to be used to match federal funds in the
22 USDA environmental quality incentives program.

23 Sec. 607. (1) It is the intent of the legislature that the
24 department continue its activities in support of intercounty
25 drainage districts as provided in chapter 5 of the drain code of
26 1956, 1956 PA 40, MCL 280.101 to 280.106.

1 (2) The department shall work with representatives of
2 intercounty drainage districts to develop a mutually agreeable
3 method of funding department costs associated with the intercounty
4 drainage program.

5 Sec. 608. From the funds appropriated in part 1 for Michigan
6 agriculture environmental assurance program, the department shall
7 work to address water quality issues affecting Lake St. Clair,
8 including efforts to reduce nonpoint source pollution.

9 **AGRICULTURE DEVELOPMENT**

10 Sec. 706. Not later than April 1, 2013, the department shall
11 provide a report to the senate and house appropriations
12 subcommittees on agriculture and rural development and the senate
13 and house fiscal agencies describing the department's agriculture
14 development and export market development activities. The report
15 shall identify grants awarded during the prior fiscal year,
16 including a description of federal or private funds made available
17 as a result of department activities.

18 Sec. 709. (1) Not later than April 1, 2013, the department
19 shall provide a report to the senate and house appropriations
20 subcommittees on agriculture and rural development and the senate
21 and house fiscal agencies describing the activities of the grape
22 and wine industry council established under section 303 of the
23 Michigan liquor control act of 1998, 1998 PA 58, MCL 436.1303.

24 (2) The report shall include all of the following:

25 (a) Council activities and accomplishments for the previous
26 fiscal year.

1 (b) Council expenditures for the previous fiscal year by
2 category of administration, industry support, research and
3 education grants, and promotion and consumer education.

4 (c) Grants awarded during the prior fiscal year and the
5 results of research grant projects completed during the prior
6 fiscal year.

7 Sec. 710. The department shall administer the rural
8 development value-added grant program as prescribed in section
9 1101.

10 **FAIRS AND EXPOSITIONS**

11 Sec. 801. All appropriations from the agricultural equine
12 industry development fund shall be spent on equine-related
13 purposes. No funds from the agriculture equine industry development
14 fund shall be expended for nonequine-related purposes without prior
15 approval of the legislature.

16 Sec. 802. All appropriations from the agriculture equine
17 industry development fund, except for the racing commission and
18 laboratory analysis program appropriations, shall be reduced
19 proportionately if revenues to the agriculture equine industry
20 development fund decline during the fiscal year ending September
21 30, 2012 to a level lower than the amounts appropriated in section
22 108.

23 Sec. 803. In the event there is no live thoroughbred race meet
24 in 2011 or 2012, all purse money and program money appropriated for
25 the thoroughbred industry in fiscal year 2010-2011 and fiscal year
26 2011-2012 shall be held in escrow for a period not to exceed 18

1 months, or until a thoroughbred race meet license is applied for
2 and granted by the Michigan gaming control board. In the event
3 there is no thoroughbred meet in 2011 or 2012, the purse pool
4 distribution order to be issued by the Michigan gaming control
5 board in 2012 that delineates distribution between the thoroughbred
6 meet that has been held at pinnacle race course and the joint
7 thoroughbred/quarterhorse meet held in Mt. Pleasant shall be the
8 same distribution formula as issued in 2011, with the thoroughbred
9 portion being held in escrow.

10 Sec. 804. The Michigan gaming control board shall use actual
11 expenditure data in determining the actual regulatory costs of
12 conducting racing dates and shall provide that data to the senate
13 and house of representatives appropriations subcommittees on
14 agriculture and rural development and general government and the
15 senate and house fiscal agencies. The Michigan gaming control board
16 shall not be reimbursed for more than the actual regulatory cost of
17 conducting race dates. If a certified horsemen's organization funds
18 more than the actual regulatory cost, the balance shall remain in
19 the agriculture equine industry development fund to be used to fund
20 subsequent race dates conducted by race meeting licensees with
21 which the certified horsemen's organization has contracts. If a
22 certified horsemen's organization funds less than the actual
23 regulatory costs of the additional horse racing dates, the Michigan
24 gaming control board shall reduce the number of future race dates
25 conducted by race meeting licensees with which the certified
26 horsemen's organization has contracts. Prior to the reduction in
27 the number of authorized race dates due to budget deficits, the

1 executive director of the Michigan gaming control board shall
2 provide notice to the certified horsemen's organizations with an
3 opportunity to respond with alternatives. In determining actual
4 costs, the Michigan gaming control board shall take into account
5 that each specific breed may require different regulatory
6 mechanisms.

7 Sec. 805. (1) The department shall establish and administer a
8 county fairs capital improvement grant program. The program shall
9 assist in the promotion of building improvements or other capital
10 improvements at county fairgrounds of the state.

11 (2) The department shall award grants on a competitive basis
12 to county fair organizations from the funds appropriated in part 1
13 for county fairs capital improvements grants. Grantees will be
14 required to provide a dollar-for-dollar cash match with grant
15 awards and identify measurable project outcomes.

16 (3) The department shall identify criteria, evaluate
17 applications, and provide recommendations to the director for final
18 approval of grant awards.

19 (4) The department may expend money from the funds
20 appropriated in part 1 for the county fairs capital improvement
21 grants for administering the program.

22 (5) The unexpended portion of the county fairs capital
23 improvement grant program is considered a work project
24 appropriation in accordance with the management and budget act,
25 1984 PA 431, MCL 18.1101 to 18.1594.

26 (6) The department shall provide an interim report no later
27 than March 15, 2013 and a year-end report no later than September

30, 2013 to the senate and house appropriations subcommittees on agriculture and rural development and the senate and house fiscal agencies, including the grantees, award amount, match funding, and project outcomes.

CAPITAL OUTLAY

Sec. 1002. (1) The director shall allocate lump-sum appropriations made in this act consistent with statutory provisions and the purposes for which funds were appropriated. Lump-sum allocations shall address priority program or facility needs and may include, but are not limited to, design, construction, remodeling and addition, special maintenance, major special maintenance, energy conservation, and demolition.

(2) The state budget director may authorize that funds appropriated for lump-sum appropriations shall be available for no more than 3 fiscal years following the fiscal year in which the original appropriation was made. Any remaining balance from allocations made in this section shall lapse to the fund from which it was appropriated pursuant to the lapsing of funds as provided in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 1003. The appropriations in part 1 for capital outlay shall be carried forward at the end of the fiscal year consistent with the provisions of section 248 of the management and budget act, 1984 PA 431, MCL 18.1248.

ONE-TIME BASIS ONLY APPROPRIATIONS

Sec. 1101. (1) The department shall establish and administer a

1 rural development value-added grant program. The program shall
2 promote the expansion of value-added agricultural production,
3 processing, and access within the state.

4 (2) The department shall award grants on a competitive basis
5 from the funds appropriated in part 1 for rural development value-
6 added grants. Grantees will be required to provide a cash match and
7 identify measurable project outcomes. Eligible grantees may
8 include, but are not limited to, individuals, partnerships,
9 cooperatives, private or public corporations, and local units of
10 government.

11 (3) A joint evaluation committee shall be selected by the
12 director with representatives with agriculture, business, and
13 economic development expertise. The joint evaluation committee
14 shall identify criteria, evaluate applications, and provide
15 recommendations to the director for final approval of grant awards.

16 (4) The department may expend money from the funds
17 appropriated in part 1 for the rural development valued-added
18 grants for administering the program.

19 (5) The unexpended portion of the rural development value-
20 added grant program is considered a work project appropriation in
21 accordance with the management and budget act, 1984 PA 431, MCL
22 18.1101 to 18.1594.

23 (6) The department shall provide an interim report no later
24 than March 15, 2013 and year-end report no later than September 30,
25 2013 to the senate and house appropriations subcommittees on
26 agriculture and rural development and the senate and house fiscal
27 agencies, including the grantees, award amount, match funding, and

1 project outcomes.

2 Sec. 1103. (1) The appropriations in part 1 for private
3 forestry program is for the purpose of increasing the knowledge of
4 nonindustrial private forestland owners of sound forest management
5 practices and increasing the amount of commercial timber production
6 from those lands.

7 (2) The department shall work in partnership with stakeholder
8 groups and other state and federal agencies to increase the active
9 management of nonindustrial private forestland to foster the growth
10 of Michigan's timber product industry.

11 PART 2A
12 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS
13 FOR FISCAL YEAR 2013-2014

14 **GENERAL SECTIONS**

15 Sec. 1201. It is the intent of the legislature to provide
16 appropriations for the fiscal year ending on September 30, 2014 for
17 the line items listed in part 1. The fiscal year 2013-2014
18 appropriations are anticipated to be the same as those for fiscal
19 year 2012-2013, except that the line items will be adjusted for
20 changes in caseload and related costs, federal fund match rates,
21 economic factors, and available revenue. These adjustments will be
22 determined after the January 2013 consensus revenue estimating
23 conference.