

Legislative Analysis



FARMLAND AND OPEN SPACE PRESERVATION PROGRAM ADMINISTRATIVE CAP

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House Bill 4663

Sponsor: Rep. Phil Potvin

Committee: Appropriations

Complete to 5-20-13

SUMMARY OF HOUSE BILL 4663 AS INTRODUCED 5-2-13

The bill would amend the Natural Resources and Environmental Protection Act, Part 362 regarding the Agricultural Preservation Fund. The bill:

- Establishes that the Department of Agriculture and Rural Development shall be the administrator of the Fund for auditing purposes.
- Revises the maximum amount that may be expended annually for administrative costs of the Department and the Agricultural Preservation Fund Board from \$900,000 to \$1,400,000, to implement Part 361, Farmland and Open Space Preservation, and Part 362 of the Act.
- Removes language regarding revenue to the Fund in excess of \$11.25 million annually.
- Adds language allowing the administrative cap amount to be adjusted annually by the State Treasurer to reflect the Detroit consumer price index annual average, not to exceed 5%.

FISCAL IMPACT:

House Bill 4663 would provide a statutory change on which the proposed FY 2013-14 budget for the Department of Agriculture and Rural Development is based. The Executive, House-passed, and Senate-passed proposals for the FY 2013-14 budget all include an increase in funding for the administration of the Farmland and Open Space Preservation program by \$428,000, from \$872,000 to \$1,300,000. This reflects the current costs of administering the program, which includes 9.0 FTEs to support over 42,500 farmland agreements involving 3.2 million acres of land. According to the Department, recently enacted changes to the program (Act 79 PA 2011) prompted a fourfold increase in requests for extensions to farmland agreements resulting in increased administrative costs.

Total appropriations of the Fund in the FY 2013-14 budget are \$1.6 million and include \$300,000 for capital outlay purchases of development rights under the program. The Fund may not have sufficient available revenue to fully support all appropriations. Funds available in FY 2013-14 are projected to total about \$1.38 million. This may be managed by limiting capital outlay expenditures.

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