

FIRST CONFERENCE REPORT

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

Senate Bill No. 201, entitled

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2014; 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, 2014; and to provide for the expenditure of the appropriations.

Mike Green

Phil Potvin

Roger Kahn

Nancy E. Jenkins

Hoon-Yung Hopgood

Terry L. Brown

Conferees for the Senate

Conferees for the House

**SUBSTITUTE FOR
SENATE BILL NO. 201**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2014; 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

Sec. 101. There is appropriated for the department of agriculture and rural development for the fiscal year ending September 30, 2014, from the following funds:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

APPROPRIATION SUMMARY

Full-time equated unclassified positions..... 6.0

1	Full-time equated classified positions.....	434.0	
2	GROSS APPROPRIATION.....		\$ 80,183,300
3	Interdepartmental grant revenues:		
4	IDG from LARA (LCC), liquor quality testing fees.....		214,100
5	IDG from MDNR, forest development fund.....		200,000
6	IDG from MDEQ, biosolids.....		110,200
7	Total interdepartmental grants and intradepartmental		
8	transfers		524,300
9	ADJUSTED GROSS APPROPRIATION.....		\$ 79,659,000
10	Federal revenues:		
11	USDA, multiple grants.....		5,814,900
12	Department of interior.....		240,000
13	EPA, multiple grants.....		1,601,800
14	HHS-FDA.....		2,304,200
15	Total federal revenues.....		9,960,900
16	Special revenue funds:		
17	Total local revenues.....		0
18	Private - slow-the-spread foundation.....		20,400
19	Private - commodity group revenue.....		76,500
20	Total private revenues.....		96,900
21	Agricultural preservation fund.....		1,624,500
22	Agriculture equine industry development fund.....		3,855,500
23	Agriculture licensing and inspection fees.....		4,075,000
24	Animal welfare fund.....		214,900
25	Commodity inspection fees.....		432,000
26	Consumer and industry food safety education fund.....		314,800
27	Dairy and food safety fund.....		3,329,600

1	Freshwater protection fund.....	5,173,000
2	Gasoline inspection and testing fund.....	2,723,700
3	Grain dealer fee fund.....	696,900
4	Horticulture fund.....	37,900
5	Industry support funds.....	443,600
6	Migratory labor housing fund.....	162,600
7	Nonretail liquor fees.....	797,700
8	Refined petroleum fund.....	4,012,000
9	Renewable fuels fund.....	51,200
10	Testing fees.....	285,000
11	Weights and measures regulation fees.....	791,000
12	Total other state restricted revenues.....	29,020,900
13	State general fund/general purpose.....	\$ 40,580,300
14	State general fund/general purpose schedule:	
15	Ongoing state general fund/general purpose	37,180,300
16	One-time state general fund/general purpose	3,400,000
17	Sec. 102. DEPARTMENTWIDE	
18	Full-time equated unclassified positions.....	6.0
19	Full-time equated classified positions.....	27.0
20	Commissions and boards.....	\$ 23,800
21	Unclassified positions.....	707,000
22	Executive direction--9.0 FTE positions.....	1,360,200
23	Operational services--15.0 FTE positions.....	1,041,700
24	Statistical reporting service--1.0 FTE position.....	148,700
25	Emergency management--2.0 FTE positions.....	800,700
26	Accounting service center.....	948,400
27	Rent and building occupancy.....	<u>1,061,600</u>

1	GROSS APPROPRIATION.....	\$	6,092,100
2	Appropriated from:		
3	Federal revenues:		
4	USDA, multiple grants.....		240,400
5	EPA, multiple grants.....		186,300
6	HHS-FDA.....		574,500
7	Special revenue funds:		
8	Private - commodity group revenue.....		76,500
9	Agricultural preservation fund.....		24,300
10	Agriculture licensing and inspection fees.....		181,600
11	Freshwater protection fund.....		35,900
12	Industry support funds.....		52,200
13	Nonretail liquor fees.....		39,600
14	Refined petroleum fund.....		320,300
15	State general fund/general purpose.....	\$	4,360,500
16	Sec. 103. INFORMATION AND TECHNOLOGY		
17	Information technology services and projects.....	\$	<u>1,444,700</u>
18	GROSS APPROPRIATION.....	\$	1,444,700
19	Appropriated from:		
20	Interdepartmental grant revenues:		
21	IDG from LARA (LCC), liquor quality testing fees.....		3,100
22	Special revenue funds:		
23	Agricultural preservation fund.....		200
24	Agriculture equine industry development fund.....		83,700
25	Agriculture licensing and inspection fees.....		31,900
26	Freshwater protection fund.....		100
27	Gasoline inspection testing fund.....		30,900

1	Nonretail liquor fees.....		500
2	State general fund/general purpose.....	\$	1,294,300
3	Sec. 104. FOOD AND DAIRY		
4	Full-time equated classified positions.....	101.0	
5	Food safety and quality assurance--75.0 FTE positions	\$	10,881,200
6	Milk safety and quality assurance--26.0 FTE positions		<u>3,821,300</u>
7	GROSS APPROPRIATION.....	\$	14,702,500
8	Appropriated from:		
9	Federal revenues:		
10	USDA, multiple grants.....		318,800
11	HHS-FDA.....		961,400
12	Special revenue funds:		
13	Consumer and industry food safety education fund.....		314,800
14	Dairy and food safety fund.....		3,329,600
15	State general fund/general purpose.....	\$	9,777,900
16	Sec. 105. ANIMAL INDUSTRY		
17	Full-time equated classified positions.....	60.0	
18	Animal disease prevention and response--60.0 FTE		
19	positions	\$	8,706,100
20	Indemnification - livestock depredation.....		<u>50,000</u>
21	GROSS APPROPRIATION.....	\$	8,756,100
22	Appropriated from:		
23	Federal revenues:		
24	USDA, multiple grants.....		513,400
25	HHS-FDA.....		45,400
26	Special revenue funds:		
27	Agriculture licensing and inspection fees.....		11,700

1	Animal welfare fund.....		214,900
2	State general fund/general purpose.....	\$	7,970,700
3	Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT		
4	Full-time equated classified positions.....	86.0	
5	Pesticide and plant pest management--81.0 FTE		
6	positions	\$	10,996,300
7	Producer security/grain dealers--5.0 FTE positions ...		<u>736,700</u>
8	GROSS APPROPRIATION.....	\$	11,733,000
9	Appropriated from:		
10	Federal revenues:		
11	USDA, multiple grants.....		822,200
12	Department of interior.....		120,000
13	EPA, multiple grants.....		719,400
14	HHS-FDA.....		116,900
15	Special revenue funds:		
16	Private - slow-the-spread foundation.....		20,400
17	Agriculture licensing and inspection fees.....		3,773,300
18	Commodity inspection fees.....		432,000
19	Grain dealers fee fund.....		696,900
20	Horticulture fund.....		37,900
21	Industry support funds.....		240,300
22	State general fund/general purpose.....	\$	4,753,700
23	Sec. 107. ENVIRONMENTAL STEWARDSHIP		
24	Full-time equated classified positions.....	55.0	
25	Environmental stewardship--18.0 FTE positions	\$	6,140,400
26	Michigan agriculture environmental assurance program--		
27	7.0 FTE positions		1,668,800

1	Farmland and open space preservation--9.0 FTE		
2	positions		1,300,000
3	Private forest development program--5.0 FTE positions		200,000
4	Local conservation districts.....		100
5	Migrant labor housing--9.0 FTE positions.....		1,198,500
6	Right-to-farm--3.0 FTE positions.....		571,400
7	Intercounty drain--4.0 FTE positions.....		<u>468,300</u>
8	GROSS APPROPRIATION.....	\$	11,547,500
9	Appropriated from:		
10	Interdepartmental grant revenues:		
11	IDG from MDNR, forest development fund.....		200,000
12	IDG from MDEQ, biosolids.....		110,200
13	Federal revenues:		
14	USDA, multiple grants.....		912,500
15	Department of interior.....		120,000
16	EPA, multiple grants.....		304,100
17	Special revenue funds:		
18	Agricultural preservation fund.....		1,300,000
19	Freshwater protection fund.....		5,137,000
20	Migratory labor housing fund.....		162,600
21	State general fund/general purpose.....	\$	3,301,100
22	Sec. 108. LABORATORY PROGRAM		
23	Full-time equated classified positions.....	90.0	
24	Laboratory services--36.0 FTE positions.....	\$	5,571,300
25	USDA monitoring--13.0 FTE positions.....		1,586,000
26	Consumer protection program--41.0 FTE positions.....		<u>6,016,100</u>
27	GROSS APPROPRIATION.....	\$	13,173,400

1	Appropriated from:	
2	Interdepartmental grant revenues:	
3	IDG from LARA (LCC), liquor quality testing fees	211,000
4	Federal revenues:	
5	USDA, multiple grants	1,586,900
6	EPA, multiple grants	392,000
7	HHS-FDA	606,000
8	Special revenue funds:	
9	Agriculture equine industry development fund	604,600
10	Agriculture licensing and inspection fees	76,500
11	Gasoline inspection and testing fund	2,692,800
12	Refined petroleum fund	3,691,700
13	Renewable fuels fund	51,200
14	Testing fees	285,000
15	Weights and measures regulation fees	791,000
16	State general fund/general purpose	\$ 2,184,700
17	Sec. 109. AGRICULTURE DEVELOPMENT	
18	Full-time equated classified positions	14.0
19	Agriculture development--11.0 FTE positions	\$ 2,712,600
20	Food and agriculture industry growth initiative	1,000,000
21	Grape and wine program--3.0 FTE positions	802,600
22	Rural development value-added grants	<u>1,050,000</u>
23	GROSS APPROPRIATION	\$ 5,565,200
24	Appropriated from:	
25	Federal revenues:	
26	USDA, multiple grants	1,420,700
27	Special revenue funds:	

1	Industry support funds.....		151,100
2	Nonretail liquor fees.....		757,600
3	State general fund/general purpose.....	\$	3,235,800
4	Sec. 110. FAIRS AND EXPOSITIONS		
5	Full-time equated classified positions.....	1.0	
6	Fairs and racing--1.0 FTE position.....	\$	356,600
7	County fairs capital improvement grants.....		301,600
8	Purses and supplements - fairs/licensed tracks.....		708,300
9	Licensed tracks - light horse racing.....		40,300
10	Light horse racing - breeders' awards.....		20,000
11	Standardbred breeders' awards.....		285,900
12	Standardbred purses and supplements - licensed tracks		527,800
13	Standardbred sire stakes.....		239,000
14	Thoroughbred supplements - licensed tracks.....		385,900
15	Thoroughbred breeders' awards.....		358,600
16	Thoroughbred sire stakes.....		<u>244,800</u>
17	GROSS APPROPRIATION.....	\$	3,468,800
18	Appropriated from:		
19	Special revenue funds:		
20	Agriculture equine industry development fund.....		3,167,200
21	State general fund/general purpose.....	\$	301,600
22	Sec. 111. CAPITAL OUTLAY		
23	Farmland and open space development acquisition.....	\$	<u>300,000</u>
24	GROSS APPROPRIATION.....	\$	300,000
25	Appropriated from:		
26	Special revenue funds:		
27	Agriculture preservation fund.....		300,000

1	State general fund/general purpose.....	\$	0
2	Sec. 112. ONE-TIME BASIS ONLY		
3	Ottawa County water resources study.....	\$	300,000
4	Qualified forest affidavit program.....		2,300,000
5	Pesticide and plant pest management.....		<u>800,000</u>
6	GROSS APPROPRIATION.....	\$	3,400,000
7	Appropriated from:		
8	State general fund/general purpose.....	\$	3,400,000

9 PART 2

10 PROVISIONS CONCERNING APPROPRIATIONS

11 FOR FISCAL YEAR 2013-2014

12 **GENERAL SECTIONS**

13 Sec. 201. Pursuant to section 30 of article IX of the state
 14 constitution of 1963, total state spending from state resources
 15 under part 1 for fiscal year 2013-2014 is \$69,601,200.00 and state
 16 spending from state resources to be paid to local units of
 17 government for fiscal year 2013-2014 is \$3,500,000.00. The itemized
 18 statement below identifies appropriations from which spending to
 19 local units of government will occur:

20 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

21	Environmental stewardship.....	\$	3,500,000
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22 Sec. 202. The appropriations authorized under this act are
 23 subject to the management and budget act, 1984 PA 431, MCL 18.1101
 24 to 18.1594.

25 Sec. 203. As used in this act:

1 (a) "Department" means the department of agriculture and rural
2 development.

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

4 (c) "EPA" means the United States environmental protection
5 agency.

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

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

9 (f) "IDG" means interdepartmental grant.

10 (g) "LARA" means the Michigan department of licensing and
11 regulatory affairs.

12 (h) "LCC" means the Michigan liquor control commission.

13 (i) "MDEQ" means the Michigan department of environmental
14 quality.

15 (j) "MDNR" means the Michigan department of natural resources.

16 (k) "MOU" means memorandum of understanding.

17 (l) "TB" means tuberculosis.

18 (m) "USDA" means the United States department of agriculture.

19 Sec. 206. (1) In addition to the funds appropriated in part 1,
20 there is appropriated an amount not to exceed \$5,000,000.00 for
21 federal contingency funds. These funds are not available for
22 expenditure until they have been transferred to another line item
23 in part 1 under section 393(2) of the management and budget act,
24 1984 PA 431, MCL 18.1393.

25 (2) In addition to the funds appropriated in part 1, there is
26 appropriated an amount not to exceed \$6,000,000.00 for state
27 restricted contingency funds. These funds are not available for

1 expenditure until they have been transferred to another line item
2 in part 1 under section 393(2) of the management and budget act,
3 1984 PA 431, MCL 18.1393.

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

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

16 Sec. 207. The department shall cooperate with the department
17 of technology, management, and budget to maintain a searchable
18 website accessible by the public at no cost that includes, but is
19 not limited to, all of the following:

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

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

22 (c) Fiscal year-to-date payments to a selected vendor,
23 including the vendor name, payment date, payment amount, and
24 payment description.

25 (d) The number of active department employees by job
26 classification.

27 (e) Job specifications and wage rates.

1 Sec. 208. Unless otherwise specified, the department shall use
2 the Internet to fulfill the reporting requirements of this part.
3 This requirement may include transmission of reports via electronic
4 mail to the recipients identified for each reporting requirement,
5 or it may include placement of reports on an Internet or Intranet
6 site.

7 Sec. 209. Funds appropriated in part 1 shall not be used for
8 the purchase of foreign goods or services, or both, if
9 competitively priced and of comparable quality American goods or
10 services, or both, are available. Preference shall be given to
11 goods or services, or both, manufactured or provided by Michigan
12 businesses, if they are competitively priced and of comparable
13 quality. In addition, preference shall be given to goods or
14 services, or both, that are manufactured or provided by Michigan
15 businesses owned and operated by veterans, if they are
16 competitively priced and of comparable quality.

17 Sec. 210. The director shall take all reasonable steps to
18 ensure businesses in deprived and depressed communities compete for
19 and perform contracts to provide services or supplies, or both.
20 Each director shall strongly encourage firms with which the
21 department contracts to subcontract with certified businesses in
22 depressed and deprived communities for services, supplies, or both.

23 Sec. 212. The department and agencies receiving appropriations
24 in part 1 shall receive and retain copies of all reports funded
25 from appropriations in part 1. Federal and state guidelines for
26 short-term and long-term retention of records shall be followed.
27 The department may electronically retain copies of reports unless

1 otherwise required by federal and state guidelines.

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

5 Sec. 218. The departments and agencies receiving
6 appropriations in part 1 shall prepare a report on out-of-state
7 travel expenses not later than January 1 of each year. The travel
8 report shall be a listing of all travel by classified and
9 unclassified employees outside this state in the immediately
10 preceding fiscal year that was funded in whole or in part with
11 funds appropriated in the department's budget. The report shall be
12 submitted to the house and senate appropriations committees, the
13 house and senate fiscal agencies, and the state budget director.
14 The report shall include the following information:

15 (a) The dates of each travel occurrence.

16 (b) The transportation and related costs of each travel
17 occurrence, including the proportion funded with state general
18 fund/general purpose revenues, the proportion funded with state
19 restricted revenues, the proportion funded with federal revenues,
20 and the proportion funded with other revenues.

21 Sec. 228. Not later than November 30, the state budget office
22 shall prepare and transmit a report that provides for estimates of
23 the total general fund/general purpose appropriation lapses at the
24 close of the fiscal year. This report shall summarize the projected
25 year-end general fund/general purpose appropriation lapses by major
26 departmental program or program areas. The report shall be
27 transmitted to the office of the state budget, the chairpersons of

1 the senate and house of representatives standing committees on
2 appropriations, and the senate and house fiscal agencies.

3 Sec. 229. Within 14 days after the release of the executive
4 budget recommendation, the department shall cooperate with the
5 state budget office to provide the senate and house appropriations
6 chairs, the senate and house appropriations subcommittees on
7 agriculture and rural development, respectively, and the senate and
8 house fiscal agencies with an annual report on estimated state
9 restricted fund balances, state restricted fund projected revenues,
10 and state restricted fund expenditures for the fiscal years ending
11 September 30, 2013 and September 30, 2014.

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

18 Sec. 231. The department shall maintain, on a publicly
19 accessible website, a department scorecard that identifies, tracks,
20 and regularly updates key metrics that are used to monitor and
21 improve the agency's performance.

22 **DEPARTMENTWIDE**

23 Sec. 301. (1) Pursuant to the appropriations in part 1, the
24 department may receive and expend revenue and use that revenue to
25 cover necessary expenses related to publications, audit and
26 licensing functions, livestock sales, certification of nursery

1 stock, and laboratory analyses as specified in the following:

2 (a) Management services publications.

3 (b) Management services audit and licensing functions.

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

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

7 (e) Laboratory support testing for testing horses in draft
8 horse pulling contests at county fairs when local jurisdictions
9 request state assistance.

10 (f) Laboratory support analyses to determine foreign
11 substances in horses engaged in racing or pulling contests at
12 tracks.

13 (g) Laboratory support analyses of food, livestock, and
14 agricultural products for disease, foreign products for disease,
15 toxic materials, foreign substances, and quality standards.

16 (h) Laboratory support test samples for other agencies and
17 organizations.

18 (i) Fruit and vegetable inspection at shipping and termination
19 points and processing plants.

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

25 (3) Annually, before February 1, the department shall provide
26 a report to the senate and house appropriations subcommittees on
27 agriculture and rural development and the senate and house fiscal

1 agencies detailing all the fees charged by the department under the
2 authorization provided in this section, including, but not limited
3 to, rates, number of individuals paying each fee, and the revenue
4 generated by each fee in the previous fiscal year.

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

14 **FOOD AND DAIRY**

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

21 **ANIMAL INDUSTRY**

22 Sec. 451. From the funds appropriated in part 1 for bovine
23 tuberculosis, the department shall pay for all whole herd testing
24 costs and individual animal testing costs in the modified
25 accredited zone to maintain split-state status requirements. These

1 costs include indemnity and compensation for injury causing death
2 or downer to animals.

3 Sec. 453. (1) Of the funds appropriated in part 1, the
4 department may provide for indemnity as provided for pursuant to
5 the animal industry act, 1988 PA 466, MCL 287.701 to 287.746, not
6 to exceed \$100,000.00 per order from any line item for the fiscal
7 year ending September 30, 2013. Before the department provides for
8 an indemnification under this section, the department shall report
9 the reason for the indemnification, the amount of the
10 indemnification, and to whom the indemnification is to be paid. The
11 report shall be given to each member of the senate and house
12 appropriations subcommittees on agriculture and rural development
13 and to the senate and house fiscal agencies and to the state budget
14 director.

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

22 (3) The funds appropriated in part 1 for indemnification -
23 livestock depredation are appropriated for indemnification payments
24 and related department costs under subsection (2). On or before
25 March 1 of the current fiscal year, the department shall report to
26 the house and senate appropriations subcommittees on agriculture
27 and rural development, and the house and senate fiscal agencies, on

1 costs incurred in the 2011-2012 and 2012-2013 fiscal years for
2 indemnification payments to producers made under subsection (2) and
3 related department costs.

4 Sec. 454. The department shall use its resources to
5 collaborate with the USDA to obtain TB-free status for the area of
6 the Lower Peninsula that is zoned as modified accredited advanced.
7 The department shall also aggressively work toward eradicating
8 bovine TB in the modified accredited zone. The department shall
9 also convene a workgroup to work toward eradicating bovine TB in
10 the modified accredited zone.

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

16 Sec. 457. On or before October 15 of the current fiscal year
17 and on a quarterly basis thereafter, the department shall report to
18 the senate and house agriculture committees, the senate and house
19 appropriations subcommittees on agriculture and rural development,
20 and the senate and house fiscal agencies on the department's
21 progress toward meeting the USDA requirements as outlined in the
22 March 2007 bovine TB program review. The report shall include, but
23 is not limited to, information and data on: wildlife risk
24 mitigation plan implementation in the modified accredited zone;
25 implementation of a movement certificate process; progress toward
26 annual surveillance test requirements set out in the June 2007 MOU;
27 efforts to work with slaughter facilities in Michigan, as well as

1 those that slaughter a significant number of animals from Michigan;
2 educational programs and information for Michigan's livestock
3 community; any other item the legislature should be aware of that
4 will promote or hinder efforts to achieve bovine TB-free status for
5 Michigan.

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

14 **ENVIRONMENTAL STEWARDSHIP**

15 Sec. 601. The part 1 appropriation line item environmental
16 stewardship shall be used to support department agriculture
17 pollution prevention programs, including groundwater and freshwater
18 protection programs under part 87 of the Michigan natural resources
19 and environmental protection act, 1994 PA 451, MCL 324.8701 to
20 324.8717, and technical assistance in implementing conservation
21 grants available under the federal farm bill of 2008.

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

26 (2) The department shall work with representatives of

1 intercounty drainage districts to develop a mutually agreeable
2 method of funding department costs associated with the intercounty
3 drainage program.

4 **AGRICULTURE DEVELOPMENT**

5 Sec. 701. (1) The department shall establish and administer a
6 rural development value-added grant program. The program shall
7 promote the expansion of value-added agricultural production,
8 processing, and access within the state.

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

16 (3) A joint evaluation committee shall be selected by the
17 director with representatives with agriculture, business, and
18 economic development expertise. The joint evaluation committee
19 shall identify criteria, evaluate applications, and provide
20 recommendations to the director for final approval of grant awards.

21 (4) The department may expend money from the funds
22 appropriated in part 1 for the rural development value-added grants
23 for administering the program.

24 (5) The unexpended portion of the rural development value-
25 added grant program is considered a work project appropriation in
26 accordance with the management and budget act, 1984 PA 431, MCL

1 18.1101 to 18.1594.

2 (6) The department shall provide an interim report no later
3 than March 15 of the current fiscal year and year-end report no
4 later than September 30 of the current fiscal year to the senate
5 and house appropriations subcommittees on agriculture and rural
6 development and the senate and house fiscal agencies, including the
7 grantees, award amount, match funding, and project outcomes.

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

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

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

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

26 (b) Council expenditures for the previous fiscal year by
27 category of administration, industry support, research and

1 education grants, and promotion and consumer education.

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

5 Sec. 711. (1) The department shall establish and administer
6 the food and agriculture industry growth initiative. The program
7 shall use a grant process to support research, education, and
8 technical assistance efforts focused on removing barriers and
9 leveraging opportunities identified by those in the food and
10 agriculture industry as critical to business development and growth
11 within the state.

12 (2) In addition to the funds appropriated in part 1, the
13 department of agriculture and rural development may receive and
14 expend funds received from Michigan strategic fund or the Michigan
15 economic development corporation for the food and agriculture
16 industry growth initiative.

17 (3) The director shall establish a consortium of interested
18 parties including those involved in the food and agriculture
19 industry sector to develop the program priorities described in
20 subsection (1).

21 (4) The department shall award grants from the funds
22 appropriated in part 1 or received from the Michigan strategic fund
23 or the Michigan economic development corporation under subsection
24 (2) for food and agriculture industry growth initiative grants.
25 Grantees will be required to identify measurable project outcomes.

26 (5) A joint evaluation committee selected by the director
27 shall evaluate applications and provide recommendations to the

1 director for final approval of grant awards.

2 (6) The department may expend money from the funds
3 appropriated in part 1 for the food and agriculture industry growth
4 initiative for administering the program.

5 **FAIRS AND EXPOSITIONS**

6 Sec. 801. All appropriations from the agriculture equine
7 industry development fund shall be spent on equine-related
8 purposes. No funds from the agriculture equine industry development
9 fund shall be expended for nonequine-related purposes without prior
10 approval of the legislature.

11 Sec. 802. All appropriations from the agriculture equine
12 industry development fund, except for the racing commission and
13 laboratory analysis program appropriations, shall be reduced
14 proportionately if revenues to the agriculture equine industry
15 development fund decline during the fiscal year ending September
16 30, 2013 to a level lower than the amounts appropriated in section
17 110.

18 Sec. 803. In the event there is no live thoroughbred race meet
19 in 2013 or 2014, all purse money and program money appropriated for
20 the thoroughbred industry in fiscal year 2012-2013 and fiscal year
21 2013-2014 shall be held in escrow for a period not to exceed 18
22 months, or until a thoroughbred race meet license is applied for
23 and granted by the Michigan gaming control board. In the event
24 there is no thoroughbred meet in 2013 or 2014, the purse pool
25 distribution order to be issued by the Michigan gaming control
26 board in 2014 that delineates distribution between the thoroughbred

1 meet that has been held at pinnacle race course and the joint
2 thoroughbred/quarterhorse meet held in Mt. Pleasant shall be the
3 same distribution formula as issued in 2013, with the thoroughbred
4 portion being held in escrow.

5 Sec. 804. The Michigan gaming control board shall use actual
6 expenditure data in determining the actual regulatory costs of
7 conducting racing dates and shall provide that data to the senate
8 and house of representatives appropriations subcommittees on
9 agriculture and rural development and general government and the
10 senate and house fiscal agencies by November 1 of the current
11 fiscal year. The Michigan gaming control board shall not be
12 reimbursed for more than the actual regulatory cost of conducting
13 race dates. If a certified horsemen's organization funds more than
14 the actual regulatory cost, the balance shall remain in the
15 agriculture equine industry development fund to be used to fund
16 subsequent race dates conducted by race meeting licensees with
17 which the certified horsemen's organization has contracts. If a
18 certified horsemen's organization funds less than the actual
19 regulatory costs of the additional horse racing dates, the Michigan
20 gaming control board shall reduce the number of future race dates
21 conducted by race meeting licensees with which the certified
22 horsemen's organization has contracts. Prior to the reduction in
23 the number of authorized race dates due to budget deficits, the
24 executive director of the Michigan gaming control board shall
25 provide notice to the certified horsemen's organizations with an
26 opportunity to respond with alternatives. In determining actual
27 costs, the Michigan gaming control board shall take into account

1 that each specific breed may require different regulatory
2 mechanisms.

3 Sec. 805. (1) The department shall establish and administer a
4 county fairs capital improvement grant program. The program shall
5 assist in the promotion of building improvements or other capital
6 improvements at county fairgrounds of the state.

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

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

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

18 (5) The unexpended portion of the county fairs capital
19 improvement grant program is considered a work project
20 appropriation in accordance with the management and budget act,
21 1984 PA 431, MCL 18.1101 to 18.1594.

22 (6) The department shall provide a year-end report no later
23 than September 30 of the current fiscal year to the senate and
24 house appropriations subcommittees on agriculture and rural
25 development and the senate and house fiscal agencies, including the
26 grantees, award amount, match funding, and project outcomes.

1 **CAPITAL OUTLAY**

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

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

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

20 **ONE-TIME BASIS ONLY APPROPRIATIONS**

21 Sec. 1103. (1) The appropriations in part 1 for qualified
22 forest affidavit program are for the purpose of increasing the
23 knowledge of nonindustrial private forestland owners of sound
24 forest management practices and increasing the amount of commercial
25 timber production from those lands.

26 (2) The department shall work in partnership with stakeholder

1 determined after the January 2014 consensus revenue estimating
2 conference.

3 Sec. 1202. It is the intent of the legislature that the
4 department identify the amounts for normal retirement costs and
5 legacy retirement costs for the fiscal year ending on September 30,
6 2015 for the line items listed in part 1.