

FIRST CONFERENCE REPORT

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

Senate Bill No. 760, entitled

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2015; 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, 2015; 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

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2015; and to provide for the expenditure of the appropriations.

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LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of agriculture and rural development for the fiscal year ending September 30, 2015, from the following funds:

APPROPRIATION SUMMARY

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

1	Full-time equated classified positions.....	446.0	
2	GROSS APPROPRIATION.....		\$ 84,462,200
3	Interdepartmental grant revenues:		
4	Total interdepartmental grants and intradepartmental		
5	transfers		318,100
6	ADJUSTED GROSS APPROPRIATION.....		\$ 84,144,100
7	Federal revenues:		
8	Total federal revenues.....		10,126,200
9	Special revenue funds:		
10	Total private revenues.....		98,300
11	Total other state restricted revenues.....		28,003,400
12	State general fund/general purpose.....		\$ 45,916,200
13	Sec. 102. DEPARTMENTWIDE		
14	Full-time equated unclassified positions.....	6.0	
15	Full-time equated classified positions.....	27.0	
16	Commissions and boards.....		\$ 23,800
17	Unclassified positions--6.0 FTE positions.....		524,700
18	Executive direction--9.0 FTE positions.....		1,392,800
19	Operational services--15.0 FTE positions.....		1,065,700
20	Statistical reporting service--1.0 FTE position.....		150,900
21	Emergency management--2.0 FTE positions.....		601,900
22	Accounting service center.....		968,100
23	Building occupancy charges.....		<u>622,500</u>
24	GROSS APPROPRIATION.....		\$ 5,350,400
25	Appropriated from:		
26	Federal revenues:		
27	HHS-FDA.....		325,000

1	Special revenue funds:		
2	Private - commodity group revenue		77,600
3	Agricultural preservation fund		15,000
4	Agriculture licensing and inspection fees		112,100
5	Freshwater protection fund		22,200
6	Industry support funds		53,500
7	Nonretail liquor fees		27,800
8	Refined petroleum fund		220,300
9	State general fund/general purpose	\$	4,496,900
10	Sec. 103. INFORMATION AND TECHNOLOGY		
11	Information technology services and projects	\$	<u>1,460,000</u>
12	GROSS APPROPRIATION	\$	1,460,000
13	Appropriated from:		
14	Interdepartmental grant revenues:		
15	IDG from LARA (LCC), liquor quality testing fees		3,200
16	Special revenue funds:		
17	Agricultural preservation fund		200
18	Agriculture equine industry development fund		84,800
19	Agriculture licensing and inspection fees		32,400
20	Freshwater protection fund		100
21	Gasoline inspection testing fund		31,400
22	Nonretail liquor fees		500
23	State general fund/general purpose	\$	1,307,400
24	Sec. 104. FOOD AND DAIRY		
25	Full-time equated classified positions	113.0	
26	Food safety and quality assurance--83.0 FTE positions	\$	12,378,200
27	Milk safety and quality assurance--30.0 FTE positions		<u>4,219,200</u>

1	GROSS APPROPRIATION.....	\$	16,597,400
2	Appropriated from:		
3	Federal revenues:		
4	HHS-FDA.....		1,175,800
5	USDA, multiple grants.....		134,200
6	Special revenue funds:		
7	Consumer and industry food safety education fund.....		318,700
8	Dairy and food safety fund.....		3,366,500
9	State general fund/general purpose.....	\$	11,602,200
10	Sec. 105. ANIMAL INDUSTRY		
11	Full-time equated classified positions.....	60.0	
12	Animal disease prevention and response--60.0 FTE		
13	positions	\$	8,836,600
14	Indemnification - livestock depredation.....		<u>50,000</u>
15	GROSS APPROPRIATION.....	\$	8,886,600
16	Appropriated from:		
17	Federal revenues:		
18	HHS-FDA.....		45,900
19	USDA, multiple grants.....		519,500
20	Special revenue funds:		
21	Agriculture licensing and inspection fees.....		40,400
22	Animal welfare fund.....		217,400
23	State general fund/general purpose.....	\$	8,063,400
24	Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT		
25	Full-time equated classified positions.....	86.0	
26	Pesticide and plant pest management--81.0 FTE		
27	positions	\$	12,181,800

1	Producer security/grain dealers--5.0 FTE positions ...	<u>646,700</u>
2	GROSS APPROPRIATION.....	\$ 12,828,500
3	Appropriated from:	
4	Federal revenues:	
5	Department of interior.....	222,600
6	EPA, multiple grants.....	525,700
7	HHS-FDA.....	320,700
8	USDA, multiple grants.....	832,100
9	Special revenue funds:	
10	Private - slow-the-spread foundation.....	20,700
11	Agriculture licensing and inspection fees.....	3,818,700
12	Commodity inspection fees.....	437,100
13	Freshwater protection fund.....	151,900
14	Grain dealers fee fund.....	606,400
15	Horticulture fund.....	38,300
16	Industry support funds.....	243,000
17	State general fund/general purpose.....	\$ 5,611,300
18	Sec. 107. ENVIRONMENTAL STEWARDSHIP	
19	Full-time equated classified positions.....	55.0
20	Environmental stewardship--8.0 FTE positions.....	\$ 1,246,100
21	Michigan agriculture environmental assurance program--	
22	15.0 FTE positions	4,284,100
23	Farmland and open space preservation--7.0 FTE	
24	positions	905,700
25	Qualified forest program--9.0 FTE positions.....	2,535,000
26	Commercial forestry audit program.....	150,000
27	Local conservation districts.....	2,173,800

1	Migrant labor housing--9.0 FTE positions	1,214,300
2	Right-to-farm--3.0 FTE positions	569,000
3	Intercounty drain--4.0 FTE positions	<u>475,100</u>
4	GROSS APPROPRIATION.....	\$ 13,553,100
5	Appropriated from:	
6	Interdepartmental grant revenues:	
7	IDG from MDEQ, biosolids	101,400
8	Federal revenues:	
9	Department of interior	120,600
10	EPA, multiple grants	305,600
11	USDA, multiple grants	917,000
12	Special revenue funds:	
13	Agricultural preservation fund	584,000
14	Freshwater protection fund	5,013,000
15	Migratory labor housing fund	164,600
16	Private forestland enhancement fund	35,000
17	State general fund/general purpose	\$ 6,311,900
18	Sec. 108. LABORATORY PROGRAM	
19	Full-time equated classified positions.....	90.0
20	Laboratory services--36.0 FTE positions	\$ 5,409,200
21	USDA monitoring--13.0 FTE positions	1,598,600
22	Consumer protection program--41.0 FTE positions	<u>6,083,100</u>
23	GROSS APPROPRIATION.....	\$ 13,090,900
24	Appropriated from:	
25	Interdepartmental grant revenues:	
26	IDG from LARA (LCC), liquor quality testing fees	213,500
27	Federal revenues:	

1	EPA, multiple grants.....	168,900
2	HHS-FDA.....	613,100
3	USDA, multiple grants.....	1,599,500
4	Special revenue funds:	
5	Agriculture equine industry development fund.....	611,700
6	Agriculture licensing and inspection fees.....	77,400
7	Gasoline inspection and testing fund.....	2,562,300
8	Refined petroleum fund.....	3,691,700
9	Renewable fuels fund.....	51,800
10	Testing fees.....	288,400
11	Weights and measures regulation fees.....	1,002,200
12	State general fund/general purpose.....	\$ 2,210,400
13	Sec. 109. AGRICULTURE DEVELOPMENT	
14	Full-time equated classified positions..... 14.0	
15	Agriculture development--11.0 FTE positions.....	\$ 3,579,500
16	Food and agriculture industry growth initiative.....	1,000,000
17	Grape and wine program--3.0 FTE positions.....	828,500
18	Rural development value-added grants.....	<u>1,050,000</u>
19	GROSS APPROPRIATION.....	\$ 6,458,000
20	Appropriated from:	
21	Federal revenues:	
22	USDA, multiple grants.....	2,300,000
23	Special revenue funds:	
24	Industry support funds.....	131,900
25	Nonretail liquor fees.....	783,400
26	State general fund/general purpose.....	\$ 3,242,700
27	Sec. 110. FAIRS AND EXPOSITIONS	

1	Full-time equated classified positions.....	1.0		
2	Fairs and racing--1.0 FTE position.....		\$	356,700
3	Shows and expositions.....			50,000
4	County fairs capital improvement grants.....			320,000
5	Purses and supplements - fairs/licensed tracks.....			708,300
6	Licensed tracks - light horse racing.....			40,300
7	Light horse racing - breeders' awards.....			20,000
8	Standardbred breeders' awards.....			285,900
9	Standardbred purses and supplements - licensed tracks			527,800
10	Standardbred sire stakes.....			239,000
11	Thoroughbred supplements - licensed tracks.....			385,900
12	Thoroughbred breeders' awards.....			358,600
13	Thoroughbred sire stakes.....			<u>244,800</u>
14	GROSS APPROPRIATION.....		\$	3,537,300
15	Appropriated from:			
16	Special revenue funds:			
17	Agriculture equine industry development fund.....			3,167,300
18	State general fund/general purpose.....		\$	370,000
19	Sec. 111. ONE-TIME BASIS ONLY			
20	Food and agriculture industry growth initiative.....		\$	2,000,000
21	Muskegon farmers market.....			200,000
22	Ottawa County agriculture incubator.....			<u>500,000</u>
23	GROSS APPROPRIATION.....		\$	2,700,000
24	Appropriated from:			
25	State general fund/general purpose.....		\$	2,700,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2014-2015

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2014-2015 is \$73,919,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2014-2015 is \$4,750,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Environmental stewardship.....	\$	209,000
Michigan agriculture environment assurance program...		2,000,000
Local conservation districts.....		1,041,000
Qualified forest program.....		<u>1,500,000</u>
TOTAL.....	\$	4,750,000

Sec. 202. The appropriations authorized under part 1 and this part are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 203. As used in part 1 and this part:

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

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

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

(d) "Fiscal agencies" means the Michigan house fiscal agency

1 and the Michigan senate fiscal agency.

2 (e) "FTE" means full-time equated.

3 (f) "HHS-FDA" means the United States department of health and
4 human services - food and drug administration.

5 (g) "IDG" means interdepartmental grant.

6 (h) "LARA" means the Michigan department of licensing and
7 regulatory affairs.

8 (i) "LCC" means the Michigan liquor control commission.

9 (j) "MDEQ" means the Michigan department of environmental
10 quality.

11 (k) "MDNR" means the Michigan department of natural resources.

12 (l) "MOU" means memorandum of understanding.

13 (m) "Subcommittees" means all members of the subcommittees of
14 the house and senate appropriations committees with jurisdiction
15 over the budget for the department.

16 (n) "TB" means tuberculosis.

17 (o) "USDA" means the United States department of agriculture.

18 Sec. 205. (1) For each new program or program expansion for
19 which funds in excess of \$500,000.00 are appropriated in part 1,
20 the department shall identify specific benchmarks intended to
21 measure the performance or return on taxpayer investment of the
22 program and its associated expenditures. Not later than November 1,
23 2014, the department shall report the proposed benchmarks to the
24 house and senate appropriations subcommittees for that department,
25 the house and senate fiscal agencies, and the state budget
26 director. The department shall provide an update on its progress in
27 achieving those benchmarks at an appropriations subcommittee

1 meeting called for the purpose of discussing benchmarks and their
2 status.

3 (2) It is the intent of the legislature that, beginning with
4 the budget for the fiscal year ending September 30, 2016, any
5 proposal for a new program or an expansion of an existing program
6 in excess of \$500,000.00 initiated by the executive branch or the
7 legislature shall include, as part of the original proposal or
8 budget request, a list of benchmarks intended to measure the
9 performance or return on taxpayer investment of the program or
10 spending increase.

11 Sec. 206. (1) In addition to the funds appropriated in part 1,
12 there is appropriated an amount not to exceed \$5,000,000.00 for
13 federal contingency funds. These funds are not available for
14 expenditure until they have been transferred to another line item
15 in part 1 under section 393(2) of the management and budget act,
16 1984 PA 431, MCL 18.1393.

17 (2) In addition to the funds appropriated in part 1, there is
18 appropriated an amount not to exceed \$6,000,000.00 for state
19 restricted contingency funds. These funds are not available for
20 expenditure until they have been transferred to another line item
21 in part 1 under section 393(2) of the management and budget act,
22 1984 PA 431, MCL 18.1393.

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

1 MCL 18.1393.

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

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

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

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

14 (c) Fiscal year-to-date payments to a selected vendor,
15 including the vendor name, payment date, payment amount, and
16 payment description.

17 (d) The number of active department employees by job
18 classification.

19 (e) Job specifications and wage rates.

20 Sec. 208. The departments and agencies receiving
21 appropriations in part 1 shall use the Internet to fulfill the
22 reporting requirements of this part. This requirement may include
23 transmission of reports via electronic mail to the recipients
24 identified for each reporting requirement, or it may include
25 placement of reports on an Internet or Intranet site.

26 Sec. 209. Funds appropriated in part 1 shall not be used for
27 the purchase of foreign goods or services, or both, if

1 competitively priced and of comparable quality American goods or
2 services, or both, are available. Preference shall be given to
3 goods or services, or both, manufactured or provided by Michigan
4 businesses, if they are competitively priced and of comparable
5 quality. In addition, preference shall be given to goods or
6 services, or both, that are manufactured or provided by Michigan
7 businesses owned and operated by veterans, if they are
8 competitively priced and of comparable quality.

9 Sec. 210. The director shall take all reasonable steps to
10 ensure businesses in deprived and depressed communities compete for
11 and perform contracts to provide services or supplies, or both.
12 Each director shall strongly encourage firms with which the
13 department contracts to subcontract with certified businesses in
14 depressed and deprived communities for services, supplies, or both.

15 Sec. 212. The department and agencies receiving appropriations
16 in part 1 shall receive and retain copies of all reports funded
17 from appropriations in part 1. Federal and state guidelines for
18 short-term and long-term retention of records shall be followed.
19 The department may electronically retain copies of reports unless
20 otherwise required by federal and state guidelines.

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 appropriations committees, the
5 house and senate fiscal agencies, and the state budget director.
6 The report shall include the following information:

7 (a) The dates of each travel occurrence.

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

13 Sec. 228. Not later than November 30, the state budget office
14 shall prepare and transmit a report that provides for estimates of
15 the total general fund/general purpose appropriation lapses at the
16 close of the prior fiscal year. This report shall summarize the
17 projected year-end general fund/general purpose appropriation
18 lapses by major departmental program or program areas. The report
19 shall be transmitted to the chairpersons of the senate and house of
20 representatives standing committees on appropriations and the
21 senate and house fiscal agencies.

22 Sec. 229. Within 14 days after the release of the executive
23 budget recommendation, the department shall cooperate with the
24 state budget office to provide the senate and house appropriations
25 chairs, the senate and house appropriations subcommittees on
26 agriculture and rural development, respectively, and the senate and
27 house fiscal agencies with an annual report on estimated state

1 restricted fund balances, state restricted fund projected revenues,
2 and state restricted fund expenditures for the fiscal years ending
3 September 30, 2014 and September 30, 2015.

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

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

14 Sec. 232. Total authorized appropriations from all sources
15 under part 1 for legacy costs for the fiscal year ending September
16 30, 2015 is \$11,651,400.00. From this amount, total agency
17 appropriations for pension-related legacy costs are estimated at
18 \$6,512,000.00. Total agency appropriations for retiree health care
19 legacy costs are estimated at \$5,139,400.00.

20 DEPARTMENTWIDE

21 Sec. 301. (1) Pursuant to the appropriations in part 1, the
22 department may receive and expend revenue and use that revenue to
23 cover necessary expenses related to publications, audit and
24 licensing functions, livestock sales, certification of nursery
25 stock, and laboratory analyses as specified in the following:

26 (a) Management services publications.

- 1 (b) Management services audit and licensing functions.
- 2 (c) Pesticide and plant pest management propagation and
3 certification of virus-free foundation stock.
- 4 (d) Pesticide and plant pest management grading services.
- 5 (e) Laboratory support testing for testing horses in draft
6 horse pulling contests at county fairs when local jurisdictions
7 request state assistance.
- 8 (f) Laboratory support analyses to determine foreign
9 substances in horses engaged in racing or pulling contests at
10 tracks.
- 11 (g) Laboratory support analyses of food, livestock, and
12 agricultural products for disease, foreign products for disease,
13 toxic materials, foreign substances, and quality standards.
- 14 (h) Laboratory support test samples for other agencies and
15 organizations.
- 16 (i) Fruit and vegetable inspection at shipping and termination
17 points and processing plants.
- 18 (2) The department shall notify the subcommittees and the
19 fiscal agencies 30 days prior to proposing changes in fees
20 authorized under this section or under section 5 of 1915 PA 91, MCL
21 285.35.
- 22 (3) Annually, before February 1, the department shall provide
23 a report to the subcommittees and the fiscal agencies detailing all
24 the fees charged by the department under the authorization provided
25 in this section, including, but not limited to, rates, number of
26 individuals paying each fee, and the revenue generated by each fee
27 in the previous fiscal year.

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

9 **FOOD AND DAIRY**

10 Sec. 402. Not later than April 1, the department shall provide
11 a report to the subcommittees and the fiscal agencies describing
12 significant food-borne outbreaks and emergencies, including any
13 enforcement actions taken related to food safety during the
14 immediately preceding fiscal year.

15 **ANIMAL INDUSTRY**

16 Sec. 451. From the funds appropriated in part 1 for bovine
17 tuberculosis, the department shall pay for all whole herd testing
18 costs and individual animal testing costs in the modified
19 accredited zone to maintain split-state status requirements. These
20 costs include indemnity and compensation for injury causing death
21 or downer to animals.

22 Sec. 453. (1) Of the funds appropriated in part 1, the
23 department may provide for indemnity as provided for pursuant to
24 the animal industry act, 1988 PA 466, MCL 287.701 to 287.746, not
25 to exceed \$100,000.00 per order from any line item for the current

1 fiscal year. Before the department provides for an indemnification
2 under this section, the department shall report the reason for the
3 indemnification, the amount of the indemnification, and to whom the
4 indemnification is to be paid. The report shall be given to the
5 subcommittees and the fiscal agencies.

6 (2) The department of agriculture and rural development shall
7 make an indemnification payment for the fair market value of
8 livestock killed by a wolf, coyote, or cougar, if the kill is
9 verified by the department of natural resources. The fair market
10 value of the livestock shall be determined pursuant to the
11 indemnification procedures prescribed in the animal industry act,
12 1988 PA 466, MCL 287.701 to 287.746.

13 (3) The funds appropriated in part 1 for indemnification -
14 livestock depredation are appropriated for indemnification payments
15 and related department costs under subsection (2). On or before
16 March 1 of the current fiscal year, the department shall report to
17 the subcommittees and the fiscal agencies on costs incurred in the
18 previous 2 fiscal years for indemnification payments to producers
19 made under subsection (2) and related department costs.

20 Sec. 454. The department shall use its resources to
21 collaborate with the USDA to obtain TB-free status for the area of
22 the Lower Peninsula that is zoned as modified accredited advanced.
23 The department shall also aggressively work toward eradicating
24 bovine TB in the modified accredited zone. The department shall
25 also convene a workgroup to work toward eradicating bovine TB in
26 the modified accredited zone.

27 Sec. 456. Of the funds appropriated in part 1, no funds shall

1 be used to enforce the mandatory electronic animal identification
2 program for any domestic animals other than cattle until specific
3 procedures and guidelines for electronic animal identification are
4 outlined in statute.

5 Sec. 457. On or before October 15 of the current fiscal year
6 and on a quarterly basis thereafter, the department shall report to
7 the senate and house agriculture committees, the subcommittees, and
8 the fiscal agencies on the department's progress toward meeting the
9 USDA requirements as outlined in the March 2007 bovine TB program
10 review. The report shall include, but is not limited to,
11 information and data on: wildlife risk mitigation plan
12 implementation in the modified accredited zone; implementation of a
13 movement certificate process; progress toward annual surveillance
14 test requirements set out in the June 2007 MOU; efforts to work
15 with slaughter facilities in Michigan, as well as those that
16 slaughter a significant number of animals from Michigan;
17 educational programs and information for Michigan's livestock
18 community; any other item the legislature should be aware of that
19 will promote or hinder efforts to achieve bovine TB-free status for
20 Michigan.

21 Sec. 458. From the funds appropriated in part 1 for animal
22 industry, the department shall provide inspection and testing of
23 aquaculture facilities and aquaculture researchers as provided
24 under section 7 of the Michigan aquaculture development act, 1996
25 PA 199, MCL 286.877. It is the intent of the legislature that the
26 department shall work with aquaculture facilities and aquaculture
27 researchers to identify, contain, and eradicate viral hemorrhagic

1 septicemia in this state.

2 Sec. 459. It is the intent of the legislature that the
3 department shall not conduct whole herd bovine TB testing on any 1
4 herd in a TB-free zone more often than every 4 years or re-test
5 until all other herds in their county have been tested, unless
6 involved in an epidemiological investigation, there is an outbreak
7 within a 10 radius mile area, or is not on a verified wildlife risk
8 mitigated premises. If there is an outbreak within a 10 radius mile
9 area, protocols outlined by the current memorandum of understanding
10 with the USDA shall be used.

11 **ENVIRONMENTAL STEWARDSHIP**

12 Sec. 601. The part 1 appropriation line item environmental
13 stewardship shall be used to support department agriculture
14 pollution prevention programs, including groundwater and freshwater
15 protection programs under part 87 of the Michigan natural resources
16 and environmental protection act, 1994 PA 451, MCL 324.8701 to
17 324.8717, and technical assistance in implementing conservation
18 grants available under the federal farm bill of 2014.

19 Sec. 603. The appropriation in part 1 for local conservation
20 districts shall be allocated in the following manner:

21 (a) Of the total appropriation, local conservation districts
22 shall receive funds to carry out the functions of environmental
23 conservation and protection programs within that district. The
24 amount of money allocated under this subdivision shall not be used
25 by local conservation districts to replace any funds received from
26 local sources.

1 (b) Any amount remaining from the appropriation after
2 distributions under subdivision (a) shall be allocated for local
3 conservation district training.

4 Sec. 604. (1) Federal revenues authorized by and available
5 from the federal government in excess of the appropriation in part
6 1 under section 107 are appropriated and may be received and
7 expended by the department for purposes authorized under state law
8 and subject to federal requirements.

9 (2) The department shall notify the subcommittees and fiscal
10 agencies prior to expending federal revenues received and
11 appropriated under subsection (1).

12 Sec. 605. No funds other than those appropriated in part 1 for
13 the Michigan agriculture environmental assurance program shall be
14 expended for administration or implementation of the Michigan
15 agriculture environmental assurance program.

16 Sec. 607. (1) It is the intent of the legislature that the
17 department continue its activities in support of intercounty
18 drainage districts as provided in chapter 5 of the drain code of
19 1956, 1956 PA 40, MCL 280.101 to 280.106.

20 (2) The department shall work with representatives of
21 intercounty drainage districts to develop a mutually agreeable
22 method of funding department costs associated with the intercounty
23 drainage program.

24 Sec. 608. (1) The appropriations in part 1 for qualified
25 forest affidavit program are for the purpose of increasing the
26 knowledge of nonindustrial private forestland owners of sound
27 forest management practices and increasing the amount of commercial

1 timber production from those lands.

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

6 Sec. 609. From the appropriation in part 1 for commercial
7 forestry audit program, it is the intent of the legislature to
8 provide grant funding to the qualified nonprofit sustainable
9 forestry initiative to work with public and private forestland
10 owners to conduct site visits and prepare an analysis and audit of
11 statewide best management practices for water quality and the
12 related forest ecosystem, including native plant and animal species
13 and wildlife habitat. The best management practices audit shall be
14 performed by an audit team composed of qualified professionals,
15 including, but not limited to, the department, the department of
16 environmental quality, university faculty, and conservation groups.

17 **AGRICULTURE DEVELOPMENT**

18 Sec. 701. (1) The department shall establish and administer a
19 rural development value-added grant program. The program shall
20 promote the expansion of value-added agricultural production,
21 processing, and access within the state.

22 (2) The department shall award grants on a competitive basis
23 from the funds appropriated in part 1 for rural development value-
24 added grants. Grantees will be required to provide a cash match and
25 identify measurable project outcomes. Eligible grantees may
26 include, but are not limited to, individuals, partnerships,

1 cooperatives, private or public corporations, and local units of
2 government.

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

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

11 (5) The unexpended portion of the rural development value-
12 added grant program is considered a work project appropriation in
13 accordance with the management and budget act, 1984 PA 431, MCL
14 18.1101 to 18.1594.

15 (6) The department shall provide an interim report no later
16 than March 15 of the current fiscal year and a year-end report no
17 later than September 30 of the current fiscal year to the
18 subcommittees and the fiscal agencies, including the grantees,
19 award amount, match funding, and project outcomes.

20 (7) Notwithstanding any other provisions of this section, the
21 department shall award a \$200,000.00 rural development value-added
22 grant to the Eastern Michigan food bank for completion of its new
23 food hub facility.

24 Sec. 706. Not later than April 1 of the current fiscal year,
25 the department shall provide a report to the subcommittees and the
26 fiscal agencies describing the department's agriculture development
27 and export market development activities. The report shall identify

1 grants awarded during the prior fiscal year, including a
2 description of federal or private funds made available as a result
3 of department activities.

4 Sec. 709. (1) Not later than April 1 of the current fiscal
5 year, the department shall provide a report to the subcommittees
6 and the fiscal agencies describing the activities of the grape and
7 wine industry council established under section 303 of the Michigan
8 liquor control act of 1998, 1998 PA 58, MCL 436.1303.

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

10 (a) Council activities and accomplishments for the previous
11 fiscal year.

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

15 (c) Grants awarded during the prior fiscal year and the
16 results of research grant projects completed during the prior
17 fiscal year.

18 Sec. 711. (1) The department shall establish and administer
19 the food and agriculture industry growth initiative. The program
20 shall use a grant process to support research, education, and
21 technical assistance efforts focused on removing barriers and
22 leveraging opportunities identified by those in the food and
23 agriculture industry as critical to business development and growth
24 within the state.

25 (2) In addition to the funds appropriated in part 1, the
26 department of agriculture and rural development may receive and
27 expend funds received from outside sources for the food and

1 agriculture industry growth initiative.

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

6 (4) The department shall award grants from the funds
7 appropriated in part 1 or received from outside sources under
8 subsection (2) for food and agriculture industry growth initiative
9 grants. Grantees will be required to identify measurable project
10 outcomes.

11 (5) A joint evaluation committee selected by the director
12 shall evaluate applications and provide recommendations to the
13 director for final approval of grant awards.

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

17 (7) Notwithstanding other provisions of this section, of the
18 funds appropriated in part 1 for food and agriculture industry
19 growth initiative, \$250,000.00 shall be designated for a regional
20 public private partnership consisting of Michigan Technological
21 University and at least 1 pulp and paper manufacturing operation
22 focused on removing existing barriers and leveraging opportunities
23 directly related to combined heat and power co-located with
24 sustainable agricultural food processing operations.

25 **FAIRS AND EXPOSITIONS**

26 Sec. 801. All appropriations from the agriculture equine

1 industry development fund shall be spent on equine-related
2 purposes. No funds from the agriculture equine industry development
3 fund shall be expended for nonequine-related purposes without prior
4 approval of the legislature.

5 Sec. 802. All appropriations from the agriculture equine
6 industry development fund, except for the Michigan gaming control
7 board's regulatory expenses and the department's expenses to
8 administer horse racing programs and laboratory analysis, shall be
9 reduced proportionately if revenues to the agriculture equine
10 industry development fund decline during the preceding fiscal year
11 to a level lower than the amounts appropriated in part 1.

12 Sec. 803. (1) In the event there is no live thoroughbred race
13 meet in 2014 or 2015, all purse money and program money
14 appropriated for the thoroughbred industry in fiscal year 2013-2014
15 and fiscal year 2014-2015 shall be held in escrow for a period not
16 to exceed 18 months, or until a thoroughbred race meet license is
17 applied for and granted by the Michigan gaming control board.

18 (2) In the event there is no live standardbred race meet in
19 2014 or 2015, all purse money and program money appropriated for
20 the standardbred industry in fiscal year 2013-2014 and fiscal year
21 2014-2015 shall be held in escrow for a period not to exceed 18
22 months, or until a standardbred race meet license is applied for
23 and granted by the Michigan gaming control board.

24 Sec. 804. It is the intent of the legislature that the
25 Michigan gaming control board shall use actual expenditure data in
26 determining the actual regulatory costs of conducting racing dates
27 and shall provide that data to the senate and house of

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

22 Sec. 805. (1) The department shall establish and administer a
23 county fairs capital improvement grant program. The program shall
24 assist in the promotion of building improvements or other capital
25 improvements at county fairgrounds of the state.

26 (2) The department shall award grants on a competitive basis
27 to county fair organizations from the funds appropriated in part 1

1 for county fairs capital improvements grants. Grantees will be
2 required to provide a dollar-for-dollar cash match with grant
3 awards and identify measurable project outcomes.

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

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

10 (5) The unexpended portion of the county fairs capital
11 improvement grant program is considered a work project
12 appropriation in accordance with the management and budget act,
13 1984 PA 431, MCL 18.1101 to 18.1594.

14 (6) The department shall provide a year-end report no later
15 than December 1, 2015 to the subcommittees and the fiscal agencies,
16 including the grantees, award amount, match funding, and project
17 outcomes.

18 Sec. 806. (1) The amount appropriated in part 1 for shows and
19 expositions shall be expended for the purpose of financial support,
20 promotion, prizes, and premiums of equine, livestock, and other
21 agricultural commodity expositions in Michigan.

22 (2) The department shall award grants for the purposes
23 stipulated in subsection (1) on a competitive basis to persons
24 organizing shows and expositions from the funds appropriated in
25 part 1 for shows and expositions. Grantees will be required to
26 provide a dollar-for-dollar cash match with grant awards and
27 identify measurable project outcomes.

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

(4) The unexpended portion of the appropriation for shows and expositions is considered a work project appropriation in accordance with the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(5) The department shall provide a year-end report no later than December 1, 2015 to the subcommittees and the fiscal agencies, including the grantees, award amount, match funding, and project outcomes.

ONE-TIME BASIS APPROPRIATIONS ONLY

Sec. 1101. The 1-time appropriations in part 1 for food and agriculture industry growth initiative shall be expended in accordance with the requirements of section 711 of this part.

PART 2A

PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

FOR FISCAL YEAR 2015-2016

GENERAL SECTIONS

Sec. 1201. It is the intent of the legislature to provide appropriations for the fiscal year ending on September 30, 2016 for the line items listed in part 1. The fiscal year 2015-2016 appropriations are anticipated to be the same as those for fiscal year 2014-2015, except that the line items will be adjusted for

1 changes in caseload and related costs, federal fund match rates,
2 economic factors, and available revenue. These adjustments will be
3 determined after the January 2015 consensus revenue estimating
4 conference.