

FIRST CONFERENCE REPORT

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

Senate Bill No. 115, entitled

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2016; 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, 2016; and to provide for the expenditure of the appropriations.

Mike Green

Nancy E. Jenkins

Jim Stamas

Roger Victory

Hoon-Yung Hopgood

Jon Hoadley

Conferees for the Senate

Conferees for the House

**SUBSTITUTE FOR
SENATE BILL NO. 115**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2016; 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, 2016, 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.....	454.0	
2	GROSS APPROPRIATION.....		\$ 86,594,000
3	Interdepartmental grant revenues:		
4	IDG from LARA (LCC), liquor quality testing fees.....		216,100
5	IDG from MDEQ, biosolids.....		101,200
6	Total interdepartmental grants and intradepartmental		
7	transfers		317,300
8	ADJUSTED GROSS APPROPRIATION.....		\$ 86,276,700
9	Federal revenues:		
10	Department of Interior.....		342,600
11	EPA, multiple grants.....		1,092,900
12	HHS-FDA.....		2,697,700
13	USDA, multiple grants.....		6,294,700
14	Total federal revenues.....		10,427,900
15	Special revenue funds:		
16	Private - commodity group revenue.....		107,300
17	Private - Slow-the-Spread Foundation.....		20,800
18	Total private revenues.....		128,100
19	Agricultural preservation fund.....		598,900
20	Agriculture equine industry development fund.....		4,277,500
21	Agriculture licensing and inspection fees.....		4,345,500
22	Animal welfare fund.....		217,100
23	Commodity inspection fees.....		508,600
24	Consumer and industry food safety education fund.....		348,800
25	Dairy and food safety fund.....		4,870,700
26	Feed control fund.....		971,000
27	Freshwater protection fund.....		6,316,600

1	Gasoline inspection and testing fund.....		2,618,700
2	Grain dealers fee fund.....		605,200
3	Horticulture fund.....		38,200
4	Industry support funds.....		426,700
5	Migratory labor housing fund.....		164,400
6	Nonretail liquor fees.....		839,900
7	Private forestland enhancement fund.....		284,900
8	Refined petroleum fund.....		3,874,600
9	Renewable fuels fund.....		51,800
10	Testing fees.....		287,600
11	Weights and measures regulations fees.....		1,000,400
12	Total other state restricted revenues.....		32,647,100
13	State general fund/general purpose.....	\$	43,073,600
14	State general fund/general purpose schedule:		
15	Ongoing state general fund/general		
16	purpose	\$	41,873,600
17	One-time state general fund/general		
18	purpose	\$	1,200,000
19	Sec. 102. DEPARTMENTWIDE		
20	Full-time equated unclassified positions.....	6.0	
21	Full-time equated classified positions.....	28.0	
22	Commissions and boards.....		\$ 23,800
23	Unclassified positions--6.0 FTE positions.....		532,600
24	Executive direction--9.0 FTE positions.....		1,376,100
25	Operational services--15.0 FTE positions.....		1,736,700
26	Statistical reporting service--1.0 FTE position.....		150,400
27	Emergency management--3.0 FTE positions.....		600,300

1	Accounting service center.....	1,115,900
2	Building occupancy charges.....	<u>625,300</u>
3	GROSS APPROPRIATION.....	\$ 6,161,100
4	Appropriated from:	
5	Federal revenues:	
6	HHS-FDA.....	324,100
7	Special revenue funds:	
8	Private - commodity group revenue.....	77,400
9	Agricultural preservation fund.....	15,100
10	Agriculture licensing and inspection fees.....	293,200
11	Dairy and food safety fund.....	384,400
12	Freshwater protection fund.....	22,300
13	Gasoline inspection and testing fund.....	74,000
14	Grain dealers fee fund.....	7,300
15	Industry support funds.....	52,800
16	Migratory housing fund.....	26,200
17	Nonretail liquor fees.....	27,900
18	Refined petroleum fund.....	220,300
19	State general fund/general purpose.....	\$ 4,636,100
20	Sec. 103. INFORMATION AND TECHNOLOGY	
21	Information technology services and projects.....	\$ <u>1,372,500</u>
22	GROSS APPROPRIATION.....	\$ 1,372,500
23	Appropriated from:	
24	Interdepartmental grant revenues:	
25	IDG from LARA (LCC), liquor quality testing fees.....	3,200
26	Special revenue funds:	
27	Agricultural preservation fund.....	200

1	Agriculture licensing and inspection fees	32,400
2	Freshwater protection fund.....	100
3	Gasoline inspection and testing fund.....	31,400
4	Nonretail liquor fees.....	500
5	State general fund/general purpose.....	\$ 1,304,700
6	Sec. 104. FOOD AND DAIRY	
7	Full-time equated classified positions.....	121.0
8	Food safety and quality assurance--91.0 FTE positions	\$ 13,537,800
9	Milk safety and quality assurance--30.0 FTE positions	<u>4,170,600</u>
10	GROSS APPROPRIATION.....	\$ 17,708,400
11	Appropriated from:	
12	Federal revenues:	
13	HHS-FDA.....	1,172,000
14	USDA, multiple grants.....	133,800
15	Special revenue funds:	
16	Consumer and industry food safety education fund.....	348,800
17	Dairy and food safety fund.....	4,486,300
18	State general fund/general purpose.....	\$ 11,567,500
19	Sec. 105. ANIMAL INDUSTRY	
20	Full-time equated classified positions.....	60.0
21	Animal disease prevention and response--60.0 FTE	
22	positions	\$ 8,881,000
23	Indemnification - livestock depredation.....	<u>50,000</u>
24	GROSS APPROPRIATION.....	\$ 8,931,000
25	Appropriated from:	
26	Federal revenues:	
27	HHS-FDA.....	65,600

1	USDA, multiple grants.....		518,600
2	Special revenue funds:		
3	Private commodity group revenue.....		29,900
4	Agriculture licensing and inspection fees.....		48,900
5	Animal welfare fund.....		217,100
6	State general fund/general purpose.....	\$	8,050,900
7	Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT		
8	Full-time equated classified positions.....	85.0	
9	Pesticide and plant pest management--80.0 FTE		
10	positions	\$	13,271,100
11	Producer security/grain dealers--5.0 FTE positions ...		<u>643,800</u>
12	GROSS APPROPRIATION.....	\$	13,914,900
13	Appropriated from:		
14	Federal revenues:		
15	Department of Interior.....		222,000
16	EPA, multiple grants.....		319,700
17	HHS-FDA.....		524,300
18	USDA, multiple grants.....		829,800
19	Special revenue funds:		
20	Private - Slow-the-Spread Foundation.....		20,800
21	Agriculture licensing and inspection fees.....		3,893,600
22	Commodity inspection fees.....		508,600
23	Feed control fund.....		971,000
24	Freshwater protection fund.....		151,400
25	Grain dealers fee fund.....		597,900
26	Horticulture fund.....		38,200
27	Industry support funds.....		242,300

1	State general fund/general purpose.....	\$	5,595,300
2	Sec. 107. ENVIRONMENTAL STEWARDSHIP		
3	Full-time equated classified positions.....		55.0
4	Environmental stewardship - MAEAP--23.0 FTE positions	\$	9,128,500
5	Farmland and open space preservation--7.0 FTE		
6	positions		905,200
7	Qualified forest program--9.0 FTE positions		2,532,500
8	Commercial forestry audit program.....		300,000
9	Migrant labor housing--9.0 FTE positions		1,186,600
10	Right-to-farm--3.0 FTE positions		567,900
11	Intercounty drain--4.0 FTE positions		<u>474,100</u>
12	GROSS APPROPRIATION.....	\$	15,094,800
13	Appropriated from:		
14	Interdepartmental grant revenues:		
15	IDG from MDEQ, biosolids.....		101,200
16	Federal revenues:		
17	Department of Interior.....		120,600
18	EPA, multiple grants.....		604,700
19	USDA, multiple grants.....		916,700
20	Special revenue funds:		
21	Agricultural preservation fund.....		583,600
22	Freshwater protection fund.....		6,142,800
23	Migratory labor housing fund.....		138,200
24	Private forestland enhancement fund.....		284,900
25	State general fund/general purpose.....	\$	6,202,100
26	Sec. 108. LABORATORY PROGRAM		
27	Full-time equated classified positions.....		90.0

1	Laboratory services--37.0 FTE positions	\$	5,322,000
2	USDA monitoring--13.0 FTE positions		1,596,700
3	Consumer protection program--40.0 FTE positions		<u>6,072,200</u>
4	GROSS APPROPRIATION.....	\$	12,990,900
5	Appropriated from:		
6	Interdepartmental grant revenues:		
7	IDG from LARA (LCC), liquor quality testing fees		212,900
8	Federal revenues:		
9	EPA, multiple grants.....		168,500
10	HHS-FDA.....		611,700
11	USDA, multiple grants.....		1,597,600
12	Special revenue funds:		
13	Agriculture equine industry development fund.....		610,300
14	Agriculture licensing and inspection fees.....		77,400
15	Gasoline inspection and testing fund.....		2,513,300
16	Refined petroleum fund.....		3,654,300
17	Renewable fuels fund.....		51,800
18	Testing fees.....		287,600
19	Weights and measures regulation fees.....		1,000,400
20	State general fund/general purpose.....	\$	2,205,100
21	Sec. 109. AGRICULTURE DEVELOPMENT		
22	Full-time equated classified positions.....		14.0
23	Agriculture development--11.0 FTE positions	\$	3,576,700
24	Grape and wine program--3.0 FTE positions		856,500
25	Rural development value-added grants		<u>800,000</u>
26	GROSS APPROPRIATION.....	\$	5,233,200
27	Appropriated from:		

1	Federal revenues:		
2	USDA, multiple grants.....		2,298,200
3	Special revenue funds:		
4	Industry support funds.....		131,600
5	Nonretail liquor fees.....		811,500
6	State general fund/general purpose.....	\$	1,991,900
7	Sec. 110. FAIRS AND EXPOSITIONS		
8	Full-time equated classified positions.....	1.0	
9	Fairs and racing--1.0 FTE position.....	\$	256,600
10	Shows and expositions.....		20,000
11	County fairs capital improvement grants.....		300,000
12	Purses and supplements - fairs/licensed tracks.....		708,300
13	Licensed tracks - light horse racing.....		40,300
14	Light horse racing - breeders' awards.....		20,000
15	Standardbred purses and supplements - licensed tracks		671,800
16	Standardbred breeders' awards.....		345,900
17	Standardbred sire stakes.....		275,000
18	Thoroughbred supplements - licensed tracks.....		601,900
19	Thoroughbred breeders' awards.....		448,600
20	Thoroughbred sire stakes.....		<u>298,800</u>
21	GROSS APPROPRIATION.....	\$	3,987,200
22	Appropriated from:		
23	Special revenue funds:		
24	Agriculture equine industry development fund.....		3,667,200
25	State general fund/general purpose.....	\$	320,000
26	Sec. 111. ONE-TIME BASIS ONLY		
27	Rural development value-added grants.....	\$	400,000

1	Tree fruit research grants.....	500,000
2	Geagley laboratory.....	<u>300,000</u>
3	GROSS APPROPRIATION.....	\$ 1,200,000
4	Appropriated from:	
5	State general fund/general purpose.....	\$ 1,200,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2015-2016

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 2015-2016 is \$75,720,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2015-2016 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

18	MAEAP environmental stewardship.....	\$ 3,250,000
19	Qualified forest program.....	<u>1,500,000</u>
20	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

1 development.

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

3 (c) "EPA" means the United States Environmental Protection
4 Agency.

5 (d) "Fiscal agencies" means the Michigan house fiscal agency
6 and the Michigan senate fiscal agency.

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

8 (f) "HHS-FDA" means the United States Department of Health and
9 Human Services - Food and Drug Administration.

10 (g) "IDG" means interdepartmental grant.

11 (h) "LARA" means the Michigan department of licensing and
12 regulatory affairs.

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

14 (j) "MAEAP" means the Michigan agriculture environmental
15 assurance program.

16 (k) "MDEQ" means the Michigan department of environmental
17 quality.

18 (l) "MDNR" means the Michigan department of natural resources.

19 (m) "MOU" means memorandum of understanding.

20 (n) "Subcommittees" means all members of the subcommittees of
21 the house and senate appropriations committees with jurisdiction
22 over the budget for the department.

23 (o) "TB" means tuberculosis.

24 (p) "USDA" means the United States Department of Agriculture.

25 Sec. 205. In addition to the metrics required under section
26 447 of the management and budget act, 1984 PA 431, MCL 18.1447, for
27 each new program or program enhancement for which funds in excess

1 of \$500,000.00 are appropriated in part 1, the department shall
2 provide not later than November 1, 2015 a list of program-specific
3 metrics intended to measure its performance based on a return on
4 taxpayer investment. The department shall deliver the program-
5 specific metrics to members of the senate and house subcommittees
6 that have subject matter jurisdiction for this budget, fiscal
7 agencies, and the state budget director. The department shall
8 provide an update on its progress in tracking program-specific
9 metrics and the status of program success at an appropriations
10 subcommittee meeting called for by the subcommittee chair.

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, 2015 and September 30, 2016.

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, 2016 is \$12,751,500.00. From this amount, total agency
17 appropriations for pension-related legacy costs are estimated at
18 \$7,237,000.00. Total agency appropriations for retiree health care
19 legacy costs are estimated at \$5,513,800.00.

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 Sec. 303. It is the intent of the legislature that the
10 department use revenue from licensing and inspection fees to
11 increase the use of technology in licensing and inspection
12 activities to make licensing and inspection functions, including
13 reporting, more efficient. The department shall work to ensure that
14 all license and registration applications can be completed online
15 through a secure web portal.

16 **FOOD AND DAIRY**

17 Sec. 402. The department shall provide information on
18 significant food-borne outbreaks and emergencies, including any
19 enforcement actions taken related to food safety during the
20 immediately preceding fiscal year in the food and dairy annual
21 report and post that report on the department's website no later
22 than April 1. The department shall provide electronic notification
23 of where the report can be found on the department's website to the
24 appropriation subcommittees, fiscal agencies, and state budget
25 office.

1 **ANIMAL INDUSTRY**

2 Sec. 451. From the funds appropriated in part 1 for bovine
3 tuberculosis, the department shall pay for all whole herd testing
4 costs and individual animal testing costs in the modified
5 accredited zone to maintain split-state status requirements. These
6 costs include indemnity and compensation for injury causing death
7 or downer to animals.

8 Sec. 453. (1) Of the funds appropriated in part 1, the
9 department may provide for indemnity as provided for pursuant to
10 the animal industry act, 1988 PA 466, MCL 287.701 to 287.746, not
11 to exceed \$100,000.00 per order from any line item for the current
12 fiscal year. Before the department provides for an indemnification
13 under this section, the department shall report the reason for the
14 indemnification, the amount of the indemnification, and to whom the
15 indemnification is to be paid. The report shall be given to the
16 subcommittees and the fiscal agencies.

17 (2) The department of agriculture and rural development shall
18 make an indemnification payment for the fair market value of
19 livestock killed by a wolf, coyote, or cougar, if the kill is
20 verified by the department of natural resources. The fair market
21 value of the livestock shall be determined pursuant to the
22 indemnification procedures prescribed in the animal industry act,
23 1988 PA 466, MCL 287.701 to 287.746.

24 (3) The funds appropriated in part 1 for indemnification -
25 livestock depredation are appropriated for indemnification payments
26 and related department costs under subsection (2). On or before
27 March 1 of the current fiscal year, the department shall report to

1 the subcommittees and the fiscal agencies on costs incurred in the
2 previous 2 fiscal years for indemnification payments to producers
3 made under subsection (2) and related department costs.

4 Sec. 454. The department shall use its resources to
5 collaborate with the USDA to monitor bovine TB, consistent with the
6 May 2014 memorandum of understanding between the department and the
7 USDA.

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

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

1 Michigan.

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

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

19 **ENVIRONMENTAL STEWARDSHIP**

20 Sec. 601. The funds appropriated in part 1 for environmental
21 stewardship/MAEAP shall be used to support department agriculture
22 pollution prevention programs, including groundwater and freshwater
23 protection programs under part 87 of the Michigan natural resources
24 and environmental protection act, 1994 PA 451, MCL 324.8701 to
25 324.8717, and technical assistance in implementing conservation
26 grants available under the federal farm bill of 2014.

1 Sec. 604. (1) Federal revenues authorized by and available
2 from the federal government in excess of the appropriation in part
3 1 under section 107 are appropriated and may be received and
4 expended by the department for purposes authorized under state law
5 and subject to federal requirements.

6 (2) The department shall notify the subcommittees and fiscal
7 agencies prior to expending federal revenues received and
8 appropriated under subsection (1).

9 Sec. 608. (1) The appropriations in part 1 for qualified
10 forest affidavit program are for the purpose of increasing the
11 knowledge of nonindustrial private forestland owners of sound
12 forest management practices and increasing the amount of commercial
13 timber production from those lands.

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

18 Sec. 609. (1) From the appropriation in part 1 for commercial
19 forestry audit program, the department shall develop an analysis
20 and audit of forestry best management practices for water quality
21 and the related forest ecosystem, including native plant and animal
22 species and wildlife habitat. The analysis and audit shall have a
23 statewide perspective. The best management practices audit shall be
24 performed by an audit team composed of qualified professionals,
25 including, but not limited to, the department, the department of
26 environmental quality, university faculty, and conservation groups.

27 (2) At the close of the fiscal year, the unexpended portion of

1 the commercial forestry audit program is considered a work project
2 appropriation in accordance with section 451a of the management and
3 budget act, 1984 PA 431, MCL 18.1451a.

4 (3) At the completion of the analysis and audit, the
5 department shall provide a report to the house and senate
6 appropriations subcommittees on agriculture and rural development,
7 and the house and senate fiscal agencies, describing the results of
8 the analysis and audit.

9 Sec. 610. Of the amount appropriated in part 1 from the
10 freshwater protection fund, the department shall use not more than
11 \$500,000.00 for replacement of the data system for the MAEAP
12 program.

13 **AGRICULTURE DEVELOPMENT**

14 Sec. 701. (1) The department shall establish and administer a
15 rural development value-added grant program. The program shall
16 promote the expansion of value-added agricultural production,
17 processing, and access within the state.

18 (2) In addition to the funds appropriated in part 1, the
19 department of agriculture and rural development may receive and
20 expend funds received from outside sources for rural development
21 value-added grants.

22 (3) 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. Grantees will be required to identify measurable
3 project outcomes.

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

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

12 (6) The unexpended portion of the rural development value-
13 added grant program is considered a work project appropriation in
14 accordance with the management and budget act, 1984 PA 431, MCL
15 18.1101 to 18.1594.

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

21 Sec. 706. On or before April 1, the department shall report to
22 the house and senate appropriations subcommittees on agriculture
23 and rural development, and the house and senate fiscal agencies, on
24 the department's agriculture development and export market
25 development activities. The report shall include the following
26 information on agriculture industry, rural development, and
27 strategic growth grants awarded during the prior fiscal year:

1 (a) The name of the grantee.

2 (b) The amount of the grant.

3 (c) The purpose of the grant, including measurable outcomes.

4 (d) Additional state, federal, private, or local funds
5 contributed to the grant project.

6 (e) The completion date of grant-funded activities.

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

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

13 (a) Council activities and accomplishments for the previous
14 fiscal year.

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

18 (c) Grants awarded during the previous fiscal year and the
19 results of research grant projects completed during the previous
20 fiscal year.

21 **FAIRS AND EXPOSITIONS**

22 Sec. 801. All appropriations from the agriculture equine
23 industry development fund shall be spent on equine-related
24 purposes. No funds from the agriculture equine industry development
25 fund shall be expended for nonequine-related purposes without prior
26 approval of the legislature.

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

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

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

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

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

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

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

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

25 (6) The department shall provide a year-end report no later
26 than December 1, 2016 to the subcommittees and the fiscal agencies,
27 including the grantees, award amount, match funding, and project

1 **GENERAL SECTIONS**

2 Sec. 1201. It is the intent of the legislature to provide
3 appropriations for the fiscal year ending on September 30, 2017 for
4 the line items listed in part 1. The fiscal year 2016-2017
5 appropriations are anticipated to be the same as those for fiscal
6 year 2015-2016, except that the line items will be adjusted for
7 changes in caseload and related costs, federal fund match rates,
8 economic factors, and available revenue. These adjustments will be
9 determined after the January 2016 consensus revenue estimating
10 conference.