

FIRST CONFERENCE REPORT

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

House Bill No. 5568, entitled

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2019; and to provide for the expenditure of the appropriations.

Recommends:

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

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

(attached)

Third: That the House and Senate 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, 2019; and to provide for the expenditure of the appropriations.

Roger Victory

Mike Green

Mary Whiteford

Jim Stamas

Jon Hoadley

Hoon-Yung Hopgood

Conferees for the House

Conferees for the Senate

**SUBSTITUTE FOR
HOUSE BILL NO. 5568**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2019; 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, 2019, from the following funds:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0
Full-time equated classified positions	500.5

1	GROSS APPROPRIATION.....	\$	107,948,100
2	Interdepartmental grant revenues:		
3	IDG from department of licensing and regulatory		
4	affairs, liquor quality testing fees		223,700
5	IDG from department of environmental quality,		
6	biosolids		90,200
7	Total interdepartmental grants and intradepartmental		
8	transfers		313,900
9	ADJUSTED GROSS APPROPRIATION.....	\$	107,634,200
10	Federal revenues:		
11	USDA, multiple grants.....		6,118,600
12	EPA, multiple grants.....		1,277,300
13	HHS-FDA.....		4,140,500
14	Department of interior.....		238,800
15	Total federal revenues.....		11,775,200
16	Special revenue funds:		
17	Total local revenues.....		0
18	Private - slow-the-spread foundation.....		21,300
19	Private - commodity group revenue.....		80,500
20	Total private revenues.....		101,800
21	Agricultural preservation fund.....		1,442,500
22	Agriculture equine industry development fund.....		3,667,200
23	Agriculture licensing and inspection fees.....		4,110,200
24	Animal welfare fund.....		150,000
25	Commodity inspection fees.....		650,000
26	Consumer and industry food safety education fund.....		356,500
27	Dairy and food safety fund.....		5,978,900

1	Feed control fund.....	1,305,400
2	Fertilizer control fund.....	1,095,600
3	Freshwater protection fund.....	7,940,700
4	Gasoline inspection and testing fund.....	1,444,400
5	Grain dealers fee fund.....	589,800
6	Horticulture fund.....	40,000
7	Industry support funds.....	486,100
8	Michigan craft beverage council fund.....	917,200
9	Migratory labor housing fund.....	169,100
10	Private forestland enhancement fund.....	581,500
11	Refined petroleum fund.....	3,316,800
12	Rural development fund.....	2,004,600
13	Testing fees.....	200,000
14	Weights and measures regulation fees.....	725,500
15	Total other state restricted revenues.....	37,172,000
16	State general fund/general purpose.....	\$ 58,585,200
17	State general fund/general purpose schedule:	
18	Ongoing state general fund/general	
19	purpose	\$55,430,200
20	One-time state general fund/general	
21	purpose	\$3,155,000
22	Sec. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT	
23	Full-time equated unclassified positions	6.0
24	Full-time equated classified positions	24.0
25	Unclassified salaries--6.0 FTE positions.....	\$ 573,500
26	Accounting service center.....	1,164,200
27	Commissions and boards.....	23,800

1	Emergency management--4.0 FTE positions.....	1,093,300
2	Executive direction--20.0 FTE positions.....	2,561,900
3	Property management.....	<u>705,700</u>
4	GROSS APPROPRIATION.....	\$ 6,122,400
5	Appropriated from:	
6	Federal revenues:	
7	HHS-FDA.....	438,100
8	Special revenue funds:	
9	Agricultural preservation fund.....	16,600
10	Agriculture licensing and inspection fees.....	127,500
11	Freshwater protection fund.....	24,500
12	Industry support funds.....	54,300
13	Michigan craft beverage council fund.....	31,000
14	State general fund/general purpose.....	\$ 5,430,400
15	Sec. 103. INFORMATION AND TECHNOLOGY	
16	Information technology services and projects.....	\$ <u>1,794,500</u>
17	GROSS APPROPRIATION.....	\$ 1,794,500
18	Appropriated from:	
19	Interdepartmental grant revenues:	
20	IDG from department of licensing and regulatory	
21	affairs, liquor quality testing fees	3,200
22	Special revenue funds:	
23	Agricultural preservation fund.....	200
24	Agriculture licensing and inspection fees.....	93,800
25	Dairy and food safety fund.....	61,200
26	Freshwater protection fund.....	100
27	Gasoline inspection testing fund.....	31,800

1	Michigan craft beverage council fund.....	500
2	State general fund/general purpose.....	\$ 1,603,700
3	Sec. 104. FOOD AND DAIRY	
4	Full-time equated classified positions132.0	
5	Food safety and quality assurance--96.0 FTE positions.	\$ 16,602,900
6	Milk safety and quality assurance--36.0 FTE positions.	<u>5,439,900</u>
7	GROSS APPROPRIATION.....	\$ 22,042,800
8	Appropriated from:	
9	Federal revenues:	
10	HHS-FDA.....	2,398,600
11	USDA, multiple grants.....	137,100
12	Special revenue funds:	
13	Consumer and industry food safety education fund.....	356,500
14	Dairy and food safety fund.....	5,421,500
15	State general fund/general purpose.....	\$ 13,729,100
16	Sec. 105. ANIMAL INDUSTRY	
17	Full-time equated classified positions61.0	
18	Animal disease prevention and response--61.0 FTE	
19	positions	\$ 9,356,900
20	Indemnification--livestock depredation.....	<u>50,000</u>
21	GROSS APPROPRIATION.....	\$ 9,406,900
22	Appropriated from:	
23	Federal revenues:	
24	Department of interior.....	40,800
25	HHS-FDA.....	46,600
26	USDA, multiple grants.....	530,600
27	Special revenue funds:	

1	Private - commodity group revenue.....	30,500
2	Agriculture licensing and inspection fees.....	70,300
3	Animal welfare fund.....	150,000
4	State general fund/general purpose.....	\$ 8,538,100
5	Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT	
6	Full-time equated classified positions93.0	
7	Pesticide and plant pest management--87.0 FTE	
8	positions	\$ 14,172,700
9	Producer security/grain dealers--6.0 FTE positions....	<u>628,200</u>
10	GROSS APPROPRIATION.....	\$ 14,800,900
11	Appropriated from:	
12	Federal revenues:	
13	Department of interior.....	101,700
14	EPA, multiple grants.....	543,000
15	HHS-FDA.....	325,300
16	USDA, multiple grants.....	716,900
17	Special revenue funds:	
18	Private - slow-the-spread foundation.....	21,300
19	Agriculture licensing and inspection fees.....	3,481,900
20	Commodity inspection fees.....	648,900
21	Feed control fund.....	1,116,200
22	Fertilizer control fund.....	1,071,600
23	Freshwater protection fund.....	156,200
24	Grain dealers fee fund.....	581,800
25	Horticulture fund.....	40,000
26	Industry support funds.....	251,400
27	State general fund/general purpose.....	\$ 5,744,700

1	Sec. 107. ENVIRONMENTAL STEWARDSHIP	
2	Full-time equated classified positions	65.5
3	Environmental stewardship - MAEAP--25.0 FTE positions.	\$ 10,191,300
4	Farmland and open space preservation--10.0 FTE	
5	positions	1,545,000
6	Intercounty drain--6.0 FTE positions.....	811,900
7	Migrant labor housing--9.0 FTE positions.....	1,231,100
8	Qualified forest program--9.0 FTE positions.....	2,590,000
9	Right-to-farm--6.5 FTE positions.....	<u>964,000</u>
10	GROSS APPROPRIATION.....	\$ 17,333,300
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	IDG from department of environmental quality,	
14	biosolids	90,200
15	Federal revenues:	
16	Department of interior.....	96,300
17	EPA, multiple grants.....	560,500
18	USDA, multiple grants.....	822,300
19	Special revenue funds:	
20	Agricultural preservation fund.....	1,425,700
21	Freshwater protection fund.....	7,714,900
22	Migratory labor housing fund.....	140,100
23	Private forestland enhancement fund.....	581,500
24	State general fund/general purpose.....	\$ 5,901,800
25	Sec. 108. LABORATORY SERVICES	
26	Full-time equated classified positions	108.0
27	Central licensing and customer service call	

1	center--12.0 FTE positions	\$	1,338,200
2	Consumer protection program--41.0 FTE positions.....		6,790,600
3	Laboratory services--42.0 FTE positions.....		7,141,500
4	USDA monitoring--13.0 FTE positions.....		<u>1,637,300</u>
5	GROSS APPROPRIATION.....	\$	16,907,600
6	Appropriated from:		
7	Interdepartmental grant revenues:		
8	IDG from department of licensing and regulatory		
9	affairs, liquor quality testing fees		220,500
10	Federal revenues:		
11	EPA, multiple grants.....		173,800
12	HHS-FDA.....		931,900
13	USDA, multiple grants.....		1,638,500
14	Special revenue funds:		
15	Agriculture licensing and inspection fees.....		336,700
16	Commodity inspection fees.....		1,100
17	Dairy and food safety fund.....		496,200
18	Feed control fund.....		189,200
19	Fertilizer control fund.....		24,000
20	Freshwater protection fund.....		45,000
21	Gasoline inspection and testing fund.....		1,412,600
22	Grain dealers fee fund.....		8,000
23	Migratory labor housing fund.....		29,000
24	Refined petroleum fund.....		3,316,800
25	Testing fees.....		200,000
26	Weights and measures regulation fees.....		725,500
27	State general fund/general purpose.....	\$	7,158,800

1	Sec. 109. AGRICULTURAL DEVELOPMENT	
2	Full-time equated classified positions17.0	
3	Agricultural development--13.0 FTE positions.....	\$ 4,253,100
4	Food and agriculture investment program.....	5,125,000
5	Michigan craft beverage council--3.0 FTE positions....	934,800
6	Rural development fund grant program--1.0 FTE	
7	position	<u>2,004,600</u>
8	GROSS APPROPRIATION.....	\$ 12,317,500
9	Appropriated from:	
10	Federal revenues:	
11	USDA, multiple grants.....	2,273,200
12	Special revenue funds:	
13	Private - commodity group revenue.....	50,000
14	Industry support funds.....	180,400
15	Michigan craft beverage council fund.....	885,700
16	Rural development fund.....	2,004,600
17	State general fund/general purpose.....	\$ 6,923,600
18	Sec. 110. FAIRS AND EXPOSITIONS	
19	County fairs, shows, and expositions grants.....	\$ 400,000
20	Fairs and racing.....	256,600
21	Licensed tracks - light horse racing.....	40,300
22	Light horse racing - breeders' awards.....	20,000
23	Purses and supplements - fairs/licensed tracks.....	708,300
24	Standardbred breeders' awards.....	345,900
25	Standardbred purses and supplements - licensed tracks.	671,800
26	Standardbred sire stakes.....	275,000
27	Thoroughbred breeders' awards.....	368,600

1	Thoroughbred sire stakes.....	378,800
2	Thoroughbred supplements - licensed tracks.....	<u>601,900</u>
3	GROSS APPROPRIATION.....	\$ 4,067,200
4	Appropriated from:	
5	Special revenue funds:	
6	Agriculture equine industry development fund.....	3,667,200
7	State general fund/general purpose.....	\$ 400,000
8	Sec. 111. ONE-TIME APPROPRIATIONS	
9	Animal agriculture initiative.....	\$ 2,000,000
10	County fairs, shows, and expositions.....	775,000
11	ACRE agriculture incubator.....	260,000
12	ODC network - project clarity.....	<u>120,000</u>
13	GROSS APPROPRIATION.....	\$ 3,155,000
14	Appropriated from:	
15	Special revenue funds:	
16	State general fund/general purpose.....	\$ 3,155,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2018-2019

GENERAL SECTIONS

21 Sec. 201. Pursuant to section 30 of article IX of the state
 22 constitution of 1963, total state spending from state sources under
 23 part 1 for fiscal year 2018-2019 is \$95,757,200.00 and state
 24 spending from state sources to be paid to local units of government
 25 for fiscal year 2018-2019 is \$6,350,000.00. The itemized statement

1 below identifies appropriations from which spending to local units
2 of government will occur:

3 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

4	Environmental stewardship/MAEAP.....	\$	4,250,000
5	Qualified forest program.....		1,500,000
6	Rural development fund grant program.....		<u>600,000</u>
7	TOTAL.....	\$	6,350,000

8 Sec. 202. The appropriations authorized under part 1 and this
9 part are subject to the management and budget act, 1984 PA 431, MCL
10 18.1101 to 18.1594.

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

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

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

15 (c) "EPA" means the United States Environmental Protection
16 Agency.

17 (d) "FDA" means the United States Food and Drug
18 Administration.

19 (e) "Fiscal agencies" means the Michigan house fiscal agency
20 and the Michigan senate fiscal agency.

21 (f) "FTE" means full-time equated.

22 (g) "HHS" means the United States Department of Health and
23 Human Services.

24 (h) "IDG" means interdepartmental grant.

25 (i) "LARA" means the Michigan department of licensing and
26 regulatory affairs.

27 (j) "LCC" means the Michigan liquor control commission.

1 (k) "MAEAP" means the Michigan agriculture environmental
2 assurance program.

3 (l) "MDEQ" means the Michigan department of environmental
4 quality.

5 (m) "MDNR" means the Michigan department of natural resources.

6 (n) "MOU" means memorandum of understanding.

7 (o) "Subcommittees" means all members of the subcommittees of
8 the house and senate appropriations committees with jurisdiction
9 over the budget for the department.

10 (p) "TB" means tuberculosis.

11 (q) "USDA" means the United States Department of Agriculture.

12 Sec. 204. The departments and agencies receiving
13 appropriations in part 1 shall use the internet to fulfill the
14 reporting requirements of this part. This requirement may include
15 transmission of reports via electronic mail to the recipients
16 identified for each reporting requirement, or it may include
17 placement of reports on an internet or intranet site.

18 Sec. 205. Funds appropriated in part 1 shall not be used for
19 the purchase of foreign goods or services, or both, if
20 competitively priced and of comparable quality American goods or
21 services, or both, are available. Preference shall be given to
22 goods or services, or both, manufactured or provided by Michigan
23 businesses, if they are competitively priced and of comparable
24 quality. In addition, preference shall be given to goods or
25 services, or both, that are manufactured or provided by Michigan
26 businesses owned and operated by veterans, if they are
27 competitively priced and of comparable quality.

1 Sec. 206. The director shall take all reasonable steps to
2 ensure businesses in deprived and depressed communities compete for
3 and perform contracts to provide services or supplies, or both.
4 Each director shall strongly encourage firms with which the
5 department contracts to subcontract with certified businesses in
6 depressed and deprived communities for services or supplies, or
7 both.

8 Sec. 207. The departments and agencies receiving
9 appropriations in part 1 shall prepare a report on out-of-state
10 travel expenses not later than January 1 of each year. The travel
11 report shall be a listing of all travel by classified and
12 unclassified employees outside this state in the immediately
13 preceding fiscal year that was funded in whole or in part with
14 funds appropriated in the department's budget. The report shall be
15 submitted to the house and senate appropriations committees, the
16 house and senate fiscal agencies, and the state budget director.
17 The report shall include the following information:

18 (a) The dates of each travel occurrence.

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

24 Sec. 208. Funds appropriated in part 1 shall not be used by a
25 principal executive department, state agency, or authority to hire
26 a person to provide legal services that are the responsibility of
27 the attorney general. This prohibition does not apply to legal

1 services for bonding activities and for those outside services that
2 the attorney general authorizes.

3 Sec. 209. Not later than November 30, the state budget office
4 shall prepare and transmit a report that provides for estimates of
5 the total general fund/general purpose appropriation lapses at the
6 close of the prior fiscal year. This report shall summarize the
7 projected year-end general fund/general purpose appropriation
8 lapses by major departmental program or program areas. The report
9 shall be transmitted to the chairpersons of the senate and house of
10 representatives standing committees on appropriations and the
11 senate and house fiscal agencies.

12 Sec. 210. (1) In addition to the funds appropriated in part 1,
13 there is appropriated an amount not to exceed \$5,000,000.00 for
14 federal contingency funds. These funds are not available for
15 expenditure until they have been transferred to another line item
16 in part 1 under section 393(2) of the management and budget act,
17 1984 PA 431, MCL 18.1393.

18 (2) In addition to the funds appropriated in part 1, there is
19 appropriated an amount not to exceed \$6,000,000.00 for state
20 restricted contingency funds. These funds are not available for
21 expenditure until they have been transferred to another line item
22 in part 1 under section 393(2) of the management and budget act,
23 1984 PA 431, MCL 18.1393.

24 (3) In addition to the funds appropriated in part 1, there is
25 appropriated an amount not to exceed \$100,000.00 for local
26 contingency funds. These funds are not available for expenditure
27 until they have been transferred to another line item in part 1

1 under section 393(2) of the management and budget act, 1984 PA 431,
2 MCL 18.1393.

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

9 Sec. 211. The department shall cooperate with the department
10 of technology, management, and budget to maintain a searchable
11 website accessible by the public at no cost that includes, but is
12 not limited to, all of the following for each department or agency:

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

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

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

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

20 (e) Job specifications and wage rates.

21 Sec. 212. Within 14 days after the release of the executive
22 budget recommendation, the department shall cooperate with the
23 state budget office to provide the senate and house appropriations
24 chairs, the subcommittees, respectively, and the senate and house
25 fiscal agencies with an annual report on estimated state restricted
26 fund balances, state restricted fund projected revenues, and state
27 restricted fund expenditures for the fiscal years ending September

1 30, 2018 and September 30, 2019.

2 Sec. 213. The department shall maintain, on a publicly
3 accessible website, a department scorecard that identifies, tracks,
4 and regularly updates key metrics that are used to monitor and
5 improve the agency's performance.

6 Sec. 214. Total authorized appropriations from all sources
7 under part 1 for legacy costs for the fiscal year ending September
8 30, 2019 is \$12,428,400.00. From this amount, total agency
9 appropriations for pension-related legacy costs are estimated at
10 \$5,729,700.00. Total agency appropriations for retiree health care
11 legacy costs are estimated at \$6,698,700.00.

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

15 Sec. 234. 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 **DEPARTMENTAL ADMINISTRATION AND SUPPORT**

22 Sec. 301. (1) The department may establish a fee schedule and
23 collect fees for the following work activities and services:

24 (a) Pesticide and plant pest management propagation and
25 certification of virus-free foundation stock.

26 (b) Fruit and vegetable inspection and grading services at

1 shipping and termination points and processing plants.

2 (c) Laboratory support analyses of food, livestock, and
3 agricultural products for disease, foreign products for disease,
4 toxic materials, foreign substances, and quality standards.

5 (d) Laboratory support test samples for other state and local
6 agencies and public or private organizations.

7 (2) The department may receive and expend revenue from the
8 fees authorized under subsection (1), subject to appropriation, for
9 the purpose of recovering expenses associated with the work
10 activities and services described in subsection (1). Fee revenue
11 collected by the department under subsection (1) shall not lapse to
12 the state general fund at the end of the fiscal year but shall
13 carry forward for appropriation by the legislature in the
14 subsequent fiscal year.

15 (3) The department shall notify the subcommittees, the fiscal
16 agencies, and the state budget office 30 days prior to proposing
17 changes in fees authorized under this section or under section 5 of
18 1915 PA 91, MCL 285.35.

19 (4) On or before February 1 of each year, the department shall
20 provide a report to the subcommittees, the fiscal agencies, and the
21 state budget office detailing all the fees charged by the
22 department under the authorization provided in this section,
23 including, but not limited to, rates, number of individuals paying
24 each fee, and the revenue generated by each fee in the previous
25 fiscal year.

26 Sec. 302. (1) The department may contract with or provide
27 grants to local units of government, institutions of higher

1 education, or nonprofit organizations to support activities
2 authorized by appropriations in part 1. As used in this section,
3 contracts and grants include, but are not limited to, contracts for
4 delivery of groundwater/freshwater programs, MAEAP technical
5 assistance, forest management, invasive species monitoring,
6 wildlife risk mitigation, grants promoting proper pesticide
7 disposal, and research grants for the purpose of enhancing the
8 agricultural industries in this state.

9 (2) The department shall provide notice of contracts or grants
10 authorized under this section to the subcommittees, the fiscal
11 agencies, and the state budget office not later than 7 days before
12 the department notifies contract or grant recipients.

13 **FOOD AND DAIRY**

14 Sec. 401. (1) The department shall report on the previous
15 fiscal year's activities of the food and dairy division. The report
16 shall include information on activities and outcomes of the dairy
17 safety and inspection program, the food safety inspection program,
18 the foodborne illness and emergency response program, and the food
19 service program.

20 (2) The report shall include information on significant
21 foodborne outbreaks and emergencies, including any significant
22 enforcement actions taken related to food safety during the prior
23 calendar year.

24 (3) The report shall be transmitted to the subcommittees, the
25 fiscal agencies, and the state budget office and posted to the
26 department's website on or before April 1 of each year.

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. 452. (1) The department shall report on the previous
9 calendar year's activities of the animal industry division. The
10 report shall be transmitted to the subcommittees, the fiscal
11 agencies, and the state budget office and posted to the
12 department's website on or before April 1 of each year.

13 (2) The department shall include in the report all
14 indemnification payments for livestock depredation made in the
15 previous calendar year and shall include all of the following:

16 (a) The reason for the indemnification.

17 (b) The amount of the indemnification.

18 (c) The person for whom the indemnification was paid.

19 Sec. 454. The department shall use its resources to
20 collaborate with the USDA to monitor bovine TB, consistent with the
21 May 2016 memorandum of understanding between the department and the
22 USDA.

23 Sec. 457. (1) On or before October 15, 2018, the department
24 shall provide to the subcommittees, the fiscal agencies, and the
25 state budget office a report on bovine TB status and department
26 activities.

27 (2) For each fiscal quarter following the report required in

1 subsection (1), the department shall provide an update to the
2 subcommittees, the fiscal agencies, and the state budget office.
3 The quarterly update reports shall identify significant impacts to
4 the program, including new incidence of bovine TB in this state,
5 department activity associated with specific new incidence of
6 bovine TB, any changes in USDA requirements or movement orders, and
7 information and data on wildlife risk mitigation plan
8 implementation in the modified accredited zone; implementation of a
9 movement certificate process; progress toward annual surveillance
10 test requirements; efforts to work with slaughter facilities in
11 this state, as well as those that slaughter a significant number of
12 animals from this state; educational programs and information for
13 this state's livestock community; and any other item the
14 legislature should be aware of that will promote or hinder efforts
15 to achieve bovine TB-free status for this state.

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

25 Sec. 462. From the funds appropriated in part 1, not to exceed
26 \$20,000.00, the department shall establish a grant program to
27 assist in the construction of protective systems for apiaries. The

1 department may make grants under this program to reimburse apiary
2 owners for costs of projects designed to protect apiaries from
3 damage by wildlife, subject to all of the following:

4 (a) Grants may not exceed \$250.00 per apiary site.

5 (b) Grants under this subsection may be made only for projects
6 identified and approved by the department prior to the start of
7 project activity.

8 **PESTICIDE AND PLANT PEST MANAGEMENT**

9 Sec. 501. The department shall report on the previous calendar
10 year's activities of the pesticide and plant pest management
11 division. The report shall be transmitted to the subcommittees, the
12 fiscal agencies, and the state budget office and posted to the
13 department's website on or before April 1 of each year.

14 **ENVIRONMENTAL STEWARDSHIP**

15 Sec. 601. The funds appropriated in part 1 for environmental
16 stewardship/MAEAP 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 2014.

22 Sec. 602. The department shall report on the previous calendar
23 year's activities of the environmental stewardship division. The
24 report shall be transmitted to the subcommittees, the fiscal
25 agencies, and the state budget office and posted to the

1 department's website on or before April 1 of each year.

2 Sec. 604. The department may receive and expend federal
3 revenues in excess of the federal revenue appropriated in section
4 107 of part 1 for environmental stewardship and MAEAP activities.
5 The department shall notify the subcommittees, the fiscal agencies,
6 and the state budget office prior to expending federal revenues
7 authorized under this section.

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

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

17 **LABORATORY PROGRAM**

18 Sec. 651. The department shall report on the previous calendar
19 year's activities of the laboratory division. The report shall be
20 transmitted to the subcommittees, the fiscal agencies, and the
21 state budget office and posted to the department's website on or
22 before April 1 of each year.

23 **AGRICULTURE DEVELOPMENT**

24 Sec. 701. (1) From the funds appropriated in part 1 for the
25 food and agriculture investment program, the department shall

1 establish and administer a food and agriculture investment program.

2 (2) The food and agriculture investment program shall expand
3 the Michigan food and agriculture sector, grow Michigan exports,
4 promote the development of value-added agricultural production,
5 food hubs, food incubators, and community-based processing
6 facilities, and the expansion of farm markets and urban
7 agriculture, and increase food processing activities within the
8 state by accelerating projects and infrastructure development that
9 support growth in the food and agriculture processing industry.

10 (3) In addition to the funds appropriated in part 1, the
11 department may receive and expend funds received from outside
12 sources for the food and agriculture investment program.

13 (4) Before the allocation of funding, all projects shall
14 receive approval from the Michigan commission of agriculture and
15 rural development, except for projects selected through a
16 competitive process by a joint evaluation committee selected by the
17 director and consisting of representatives that have agriculture,
18 business, and economic development expertise. Projects funded
19 through the food and agriculture investment program will be
20 required to have a grant agreement that outlines milestones and
21 activities that must be met in order to receive a disbursement of
22 funds. Projects must also identify measurable project outcomes.

23 (5) The department shall include in the agriculture
24 development annual report a report on the food and agriculture
25 investment program for the previous fiscal year that includes a
26 listing of the grantees, award amounts, match funding, project
27 locations, and project outcomes.

1 (6) The food and agriculture investment program shall be
2 administered by the department and provide support for food and
3 agriculture projects that will enable growth in the industry and
4 this state's economy.

5 (7) The unexpended funds appropriated in part 1 for the food
6 and agriculture investment program are designated as a work project
7 appropriation, and any unencumbered or unallotted funds shall not
8 lapse at the end of the fiscal year and shall be available for
9 expenditures for projects under this section until the projects
10 have been completed. The following is in compliance with section
11 451a(1) of the management and budget act, 1984 PA 431, MCL
12 18.1451a:

13 (a) The purpose of the project is to promote and expand the
14 Michigan food and agriculture sector, grow Michigan exports, and
15 increase food processing activities within the state.

16 (b) The project will be funded in accordance with this section
17 and the project guidelines approved by the Michigan agriculture
18 commission prior to an award.

19 (c) The estimated cost of this project is identified in the
20 appropriation line item.

21 (d) The tentative completion date for the work project is
22 September 30, 2021.

23 (8) The department may expend money from the funds
24 appropriated in part 1 for the food and agriculture investment
25 program, including all of the following activities:

26 (a) Grants.

27 (b) Loans or loan guarantees.

1 (c) Infrastructure development.

2 (d) Other economic assistance.

3 (e) Program administration.

4 (f) Export assistance.

5 (9) The department shall expend no more than 10% from the
6 funds appropriated in part 1 for the food and agriculture
7 investment program for administrative purposes.

8 Sec. 706. (1) The department shall report on the previous
9 calendar year's activities of the agriculture development division.
10 The report shall be transmitted to the subcommittees, the fiscal
11 agencies, and the state budget office and posted to the
12 department's website on or before April 1 of each year.

13 (2) The report shall include the following information on any
14 grants awarded during the prior fiscal year:

15 (a) The name of the grantee.

16 (b) The amount of the grant.

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

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

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

21 (3) The report shall include the following information on the
22 Michigan craft beverage council established under section 303 of
23 the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1303:

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 previous fiscal year and the
3 results of research grant projects completed during the previous
4 fiscal year.

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. From the funds appropriated in part 1 from
12 agriculture equine industry development funds, available revenue
13 shall be allocated in the following priority order:

14 (a) To support all administrative, contractual, and regulatory
15 costs incurred by the department and the Michigan gaming control
16 board.

17 (b) Up to \$395,000.00 shall be allocated to the purses and
18 supplements - fairs/licensed tracks line item.

19 (c) Any remaining funds collected through September 30, 2019,
20 after the obligations in subdivisions (a) and (b) have been met,
21 shall be prorated equally among the supplements, breeders' awards,
22 and sire stakes awards to eligible race meeting licensees in
23 accordance with section 20 of the horse racing law of 1995, 1995 PA
24 279, MCL 431.320.

25 Sec. 805. (1) The department shall establish and administer a
26 county fairs, shows, and expositions grant program. The program

1 shall have the following objectives:

2 (a) Assist in the promotion of building improvements or other
3 capital improvements at county fairgrounds of the state.

4 (b) Provide financial support, promotion, prizes, and premiums
5 of equine, livestock, and other agricultural commodity expositions
6 in the state.

7 (2) The department shall award grants on a competitive basis
8 to county fairs or other organizations from the funds appropriated
9 in part 1 for county fairs, shows, and expositions grants. Grantees
10 will be required to provide a dollar-for-dollar cash match with
11 grant awards and identify measurable project outcomes. A county
12 fair organization that received a county fair capital improvement
13 grant in the prior fiscal year shall not receive a grant from the
14 appropriation in part 1.

15 (3) From the amount appropriated in part 1 for county fairs,
16 shows, and expositions, up to \$25,000.00 shall be expended for the
17 purpose of financial support, promotion, prizes, and premiums of
18 equine, livestock, and other agricultural commodity expositions in
19 this state, and festivals.

20 (4) All fairs receiving grants under this section shall
21 provide a report to the department on the financial impact
22 resulting from the capital improvement project on both fair and
23 nonfair events. These reports are due for 3 years immediately
24 following the completion of the capital improvement project.

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

1 (6) The department may expend money from the funds
2 appropriated in part 1 for the county fairs, shows, and expositions
3 grants for administering the program.

4 (7) From the funds appropriated in part 1 for county fairs,
5 shows, and expositions grants, \$25,000.00 shall be used for
6 renovations to the Tuscola County fair grandstand, and \$250,000.00
7 shall be used for the construction and furnishing of a community
8 center at the Tuscola County fair.

9 (8) The unexpended portion of the county fairs, shows, and
10 expositions grants is considered a work project appropriation in
11 accordance with section 451a of the management and budget act, 1984
12 PA 431, MCL 18.1451a. The following apply to the project:

13 (a) The purpose of the project is to support building
14 improvements or other capital improvements at county fairgrounds of
15 the state.

16 (b) All grants will be distributed in accordance with this
17 section and the grant guidelines published prior to the request for
18 proposals.

19 (c) The estimated cost of the project is identified in the
20 appropriation line item.

21 (d) The tentative completion date for the work project is
22 September 30, 2021.

23 (9) The department shall provide a year-end report on the
24 county fairs, shows, and expositions grants no later than December
25 1, 2019 to the subcommittees, the fiscal agencies, and the state
26 budget director that includes a listing of the grantees, award
27 amounts, match funding, and project outcomes.