SUBSTITUTE FOR

SENATE BILL NO. 139

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2018; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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, 2018, from the following funds:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

APPROPRIATION SUMMARY

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

Full-time equated classified positions......... 493.5		
GROSS APPROPRIATION..................................	$	109,744,600
Interdepartmental grant revenues:		
IDG from department of licensing and regulatory affairs, liquor quality testing fees................		221,800
IDG from department of environmental quality, biosolids		88,500
Total interdepartmental grants and intradepartmental transfers		310,300
ADJUSTED GROSS APPROPRIATION.........................	$	109,434,300
Federal revenues:		
USDA, multiple grants................................		6,133,100
EPA, multiple grants.................................		1,268,100
HHS-FDA..		3,633,900
Department of Interior...............................		238,800
Total federal revenues...............................		11,273,900
Special revenue funds:		
Total local revenues.................................		0
Private - slow the spread foundation.................		21,100
Private - commodity group revenue....................		80,500
Total private revenues...............................		101,600
Agriculture preservation fund........................		1,427,800
Agriculture equine industry development fund.........		3,667,200
Agriculture licensing and inspection fees............		4,065,800
Animal welfare fund..................................		193,300
Commodity inspection fees............................		710,700
Consumer and industry food safety education fund.....		355,800

Dairy and food safety fund		5,925,300
Feed control fund		1,243,200
Fertilizer control fund		849,900
Freshwater protection fund		7,914,500
Gasoline inspection and testing fund		1,504,700
Grain dealers fee fund		580,000
Horticulture fund		38,800
Industry support funds		444,900
Migratory labor housing fund		167,800
Nonretail liquor fees		908,900
Private forestland enhancement fund		480,200
Refined petroleum fund		3,197,100
Rural development fund		2,000,000
Testing fees		265,000
Weights and measures regulation fees		720,000
Total other state restricted revenues		36,660,900
State general fund/general purpose	$	61,397,900

State general fund/general purpose schedule:

Ongoing state general fund/general purpose	54,847,900
One-time state general fund/general purpose	6,550,000

Sec. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	24.0	
Unclassified positions	$	562,300
Accounting service center		1,150,400

Commissions and boards		23,800
Emergency management--4.0 FTE positions		979,600
Executive direction--20.0 FTE positions		2,216,900
Property management		709,000
GROSS APPROPRIATION	$	5,642,000
Appropriated from:		
Federal revenues:		
HHS-FDA		334,400
Special revenue funds:		
Agriculture preservation fund		17,000
Agriculture licensing and inspection fees		127,700
Freshwater protection fund		25,300
Industry support funds		54,300
Nonretail liquor fees		30,500
State general fund/general purpose	$	5,052,800

Sec. 103. INFORMATION AND TECHNOLOGY

Information technology services and projects	$	1,778,500
GROSS APPROPRIATION	$	1,778,500
Appropriated from:		
Interdepartmental grant revenues:		
IDG from department of licensing and regulatory affairs, liquor quality testing fees		3,200
Special revenue funds:		
Agriculture preservation fund		200
Agriculture licensing and inspection fees		93,800
Dairy and food safety fund		61,200
Freshwater protection fund		100

Gasoline inspection testing fund		31,800
Nonretail liquor fees		500
State general fund/general purpose	$	1,587,700

Sec. 104. FOOD AND DAIRY

Full-time equated classified positions 125.0		
Food safety and quality assurance--94.0 FTE positions	$	16,648,400
Milk safety and quality assurance--31.0 FTE positions		4,510,300
GROSS APPROPRIATION	$	21,158,700
Appropriated from:		
Federal revenues:		
HHS-FDA		2,301,500
USDA, multiple grants		136,300
Special revenues funds:		
Consumer and industry food safety education fund		355,800
Dairy and food safety fund		5,373,900
State general fund/general purpose	$	12,991,200

Sec. 105. ANIMAL INDUSTRY

Full-time equated classified positions 61.0		
Animal agriculture initiative	$	399,000
Animal disease prevention and response--61.0 FTE positions		9,364,300
Indemnification - livestock depredation		50,000
GROSS APPROPRIATION	$	9,813,300
Appropriated from:		
Federal revenues:		
Department of Interior		40,800
HHS-FDA		46,600

USDA, multiple grants		528,600
Special revenue funds:		
Private - commodity group revenue		30,500
Agriculture licensing and inspection fees		69,700
Animal welfare fund		193,300
State general fund/general purpose	$	8,903,800

Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT

Full-time equated classified positions 94.0		
Pesticide and plant pest management--88.0 FTE positions	$	14,073,800
Producer security/grain dealers--6.0 FTE positions		618,500
GROSS APPROPRIATION	$	14,692,300
Appropriated from:		
Federal revenues:		
Department of Interior		101,700
EPA, multiple grants		536,700
HHS-FDA		325,100
USDA, multiple grants		715,000
Special revenue funds:		
Private - slow-the-spread foundation		21,100
Agriculture licensing and inspection fees		3,543,200
Commodity inspection fees		709,600
Feed control fund		1,056,600
Fertilizer control fund		825,900
Freshwater protection fund		154,600
Grain dealers fee fund		572,100
Horticulture fund		38,800

Industry support funds		248,000
State general fund/general purpose	$	5,843,900

Sec. 107. ENVIRONMENTAL STEWARDSHIP

Full-time equated classified positions 65.5		
Environmental stewardship - MAEAP--25.0 FTE positions	$	10,236,600
Farmland and open space preservation--10.0 FTE positions		1,623,100
Intercounty drain--6.0 FTE positions		802,900
Migrant labor housing--9.0 FTE positions		1,206,800
Qualified forest program--9.0 FTE positions		2,697,300
Right-to-farm--6.5 FTE positions		950,800
GROSS APPROPRIATION	$	17,517,500
Appropriated from:		
Interdepartmental grant revenues:		
IDG from department of environmental quality, biosolids		88,500
Federal revenues:		
Department of Interior		96,300
EPA, multiple grants		558,700
USDA, multiple grants		822,300
Special revenue funds:		
Agriculture preservation fund		1,410,600
Freshwater protection fund		7,689,500
Migratory labor housing fund		139,200
Private forestland enhancement fund		480,200
State general fund/general purpose	$	6,232,200

Sec. 108. LABORATORY SERVICES

Full-time equated classified positions......... 107.0	
Central licensing and customer service call center--11.0 FTE positions	$ 1,218,000
Consumer protection program--41.0 FTE positions	6,711,200
Laboratory services--42.0 FTE positions	6,829,000
USDA monitoring --13.0 FTE positions	1,622,100
GROSS APPROPRIATION	$ 16,380,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of licensing and regulatory affairs, liquor quality testing fees	218,600
Federal revenues:	
EPA, multiple grants	172,700
HHS-FDA	626,300
USDA, multiple grants	1,623,200
Special revenue funds:	
Agriculture licensing and inspection fees	231,400
Commodity inspection fees	1,100
Dairy and food safety fund	490,200
Feed control fund	186,600
Fertilizer control fund	24,000
Freshwater protection fund	45,000
Gasoline inspection and testing fund	1,472,900
Grain dealers fee fund	7,900
Migratory labor housing fund	28,600
Refined petroleum fund	3,197,100
Testing fees	265,000

Weights and measures regulation fees		720,000
State general fund/general purpose	$	7,069,700

Sec. 109. AGRICULTURAL DEVELOPMENT

Full-time equated classified positions.......... 17.0

Agricultural development--12.0 FTE positions	$	4,019,800
Food and agriculture investment program		4,743,900
Grape and wine program--3.0 FTE positions		927,000
Rural development fund grant program--1.0 FTE position		2,000,000
Statistical reporting service--1.0 FTE position		204,700
GROSS APPROPRIATION	$	11,895,400
Appropriated from:		
Federal revenues:		
USDA, multiple grants		2,307,700
Special revenue funds:		
Private - commodity group revenue		50,000
Industry support funds		142,600
Nonretail liquor fees		877,900
Rural development fund		2,000,000
State general fund/general purpose	$	6,517,200

Sec. 110. FAIRS AND EXPOSITIONS

County fairs, shows, and expositions grants	$	649,300
Advanced deposit wagering		100
Fairs and racing		256,600
Licensed tracks - light horse racing		40,300
Light horse racing - breeders' awards		20,000
Purses and supplements - fairs/licensed tracks		708,300

Standardbred breeders' awards		345,900
Standardbred purses and supplements - licensed tracks		671,800
Standardbred sire stakes		275,000
Thoroughbred breeders' awards		368,600
Thoroughbred sire stakes		378,800
Thoroughbred supplements - licensed tracks		601,900
GROSS APPROPRIATION	$	4,316,600
Appropriated from:		
Special revenue funds:		
Agriculture equine industry development fund		3,667,200
State general fund/general purpose	$	649,400

Sec. 111. ONE-TIME APPROPRIATIONS

Enhanced wildlife risk management project	$	1,000,000
Intercounty drain		250,000
Tree fruit commission		1,500,000
Fruit and vegetable mobile lab project		1,200,000
Food bank council of Michigan		2,500,000
Albion equestrian center		100,000
GROSS APPROPRIATION	$	6,550,000
Appropriated from:		
Special revenue funds:		
State general fund/general purpose	$	6,550,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2017-2018

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 2017-2018 is $98,058,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2017-2018 is $7,350,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Environmental stewardship/MAEAP	$	4,250,000
Enhanced wildlife risk management project	$	1,000,000
Rural development fund grant program	$	600,000
Qualified forest program		1,500,000
TOTAL	$	7,350,000

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) "FDA" means the United States Food and Drug Administration.

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

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

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

(h) "IDG" means interdepartmental grant.

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

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

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

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

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

(n) "MOU" means memorandum of understanding.

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

(p) "TB" means tuberculosis.

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

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

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

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

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

(a) The dates of each travel occurrence.

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

Sec. 208. Funds appropriated in part 1 shall not be used by a principal executive department, state agency, or authority to hire a person to provide legal services that are the responsibility of the attorney general. This prohibition does not apply to legal services for bonding activities and for those outside services that the attorney general authorizes.

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

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

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

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

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

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

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

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

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

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

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

(e) Job specifications and wage rates.

Sec. 212. Within 14 days after the release of the executive budget recommendation, the department shall cooperate with the state budget office to provide the senate and house appropriations chairs, the subcommittees, respectively, and the senate and house fiscal agencies with an annual report on estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures for the fiscal years ending September 30, 2017 and September 30, 2018.

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

Sec. 214. Total authorized appropriations from all sources under part 1 for legacy costs for the fiscal year ending September 30, 2018 is $12,400,000.00. From this amount, total agency appropriations for pension-related legacy costs are estimated at $6,381,100.00. Total agency appropriations for retiree health care legacy costs are estimated at $6,018,900.00.

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

Sec. 234. The department and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed. The department may electronically retain copies of reports unless otherwise required by federal and state guidelines.

DEPARTMENTWIDE

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

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

(b) Fruit and vegetable inspection and grading services at shipping and termination points and processing plants.

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

(d) Laboratory support analyses to determine foreign substances in horses engaged in racing or pulling contests at tracks.

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

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

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

(3) The department shall notify the subcommittees and the

fiscal agencies 30 days prior to proposing changes in fees authorized under this section or under section 5 of 1915 PA 91, MCL 285.35.

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

Sec. 302. (1) The department may contract with or provide grants to local units of government, institutions of higher education, or nonprofit organizations to support activities authorized by appropriations in part 1. As used in this section, contracts and grants include, but are not limited to, contracts for delivery of groundwater/freshwater programs, MAEAP technical assistance, forest management, invasive species monitoring, wildlife risk mitigation, grants promoting proper pesticide disposal, and research grants for the purpose of enhancing the agricultural industries in this state.

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

FOOD AND DAIRY

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

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

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

ANIMAL INDUSTRY

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

Sec. 452. The department shall report on the previous calendar year's activities of the animal industry division. The report shall be transmitted to the subcommittees and the fiscal agencies and posted to the department's website on or before April 1 of each year.

Sec. 453. (1) The department shall not make an indemnification payment exceeding $100,000.00 in accordance with the animal industry act, 1988 PA 466, MCL 287.701 to 287.746, until the department provides all of the following information to the subcommittees and the fiscal agencies:

(a) The reason for the indemnification.

(b) The amount of the indemnification.

(2) From the funds appropriated in part 1 for indemnification - livestock depredation, the department shall make indemnification payments for livestock killed by a wolf, coyote, or cougar pursuant to the wildlife depredation indemnification act, 2012 PA 487, MCL 285.361 to 285.365.

(3) The department shall include in its annual report required in section 452 all indemnification payments for livestock depredation made in the previous fiscal year. The report shall include all of the following information:

(a) The reason for the indemnification.

(b) The amount of the indemnification.

(c) The person to whom the indemnification was paid.

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

Sec. 457. (1) On or before October 15, 2017, the department shall provide to the subcommittees and the fiscal agencies a report on bovine TB status and department activities.

(2) For each fiscal quarter following the report required in subsection (1), the department shall provide an update to the subcommittees and fiscal agencies. The quarterly update reports shall identify significant impacts to the program, including new

incidence of bovine TB in this state, department activity associated with specific new incidence of bovine TB, any changes in USDA requirements or movement orders, information and data on: wildlife risk mitigation plan implementation in the modified accredited zone; implementation of a movement certificate process; progress toward annual surveillance test requirements; efforts to work with slaughter facilities in this state, as well as those that slaughter a significant number of animals from this state; educational programs and information for this state's livestock community; any other item the legislature should be aware of that will promote or hinder efforts to achieve bovine TB-free status for this state.

Sec. 458. From the funds appropriated in part 1 for animal industry, the department shall provide inspection and testing of aquaculture facilities and aquaculture researchers as provided under section 7 of the Michigan aquaculture development act, 1996 PA 199, MCL 286.877.

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

PESTICIDE AND PLANT PEST MANAGEMENT

Sec. 501. The department shall report on the previous calendar year's activities of the pesticide and plant pest management division. The report shall be transmitted to the subcommittees and the fiscal agencies and posted to the department's website on or before April 1 of each year.

ENVIRONMENTAL STEWARDSHIP

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

Sec. 602. The department shall report on the previous calendar year's activities of the environmental stewardship division. The report shall be transmitted to the subcommittees and the fiscal agencies and posted to the department's website on or before April 1 of each year.

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

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

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

LABORATORY PROGRAM

Sec. 651. The department shall report on the previous calendar year's activities of the laboratory division. The report shall be transmitted to the subcommittees and the fiscal agencies and posted to the department's website on or before April 1 of each year.

AGRICULTURE DEVELOPMENT

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

(2) The food and agriculture investment program shall expand the Michigan food and agriculture sector, grow Michigan exports, and increase food processing activities within the state by accelerating projects and infrastructure development that support growth in the food and agriculture processing industry.

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

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

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

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

(7) The unexpended portion of the food and agriculture investment program is a work project appropriation in accordance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a. The following apply to the project:

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

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

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

(d) The tentative completion date for the work project is September 30, 2020.

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

(a) Grants.

(b) Loans or loan guarantees.

(c) Infrastructure development.

(d) Other economic assistance.

(e) Program administration.

(f) Export assistance.

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

Sec. 706. (1) The department shall report on the previous calendar year's activities of the agriculture development division. The report shall be transmitted to the subcommittees and the fiscal agencies and posted to the department's website on or before April 1 of each year.

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

(a) The name of the grantee.

(b) The amount of the grant.

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

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

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

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

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

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

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

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

FAIRS AND EXPOSITIONS

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

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

Sec. 804. It is the intent of the legislature that the Michigan gaming control board shall use actual expenditure data in determining the actual regulatory costs of conducting racing dates and shall provide that data to the senate and house of representatives appropriations subcommittees on agriculture and rural development and general government and the fiscal agencies by November 1 of the current fiscal year. The Michigan gaming control board shall not be reimbursed for more than the actual regulatory cost of conducting race dates. If a certified horsemen's organization funds more than the actual regulatory cost, the balance shall remain in the agriculture equine industry development fund to be used to fund subsequent race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts. If a certified horsemen's organization funds less than the actual regulatory costs of the additional horse racing dates, the Michigan gaming control board shall reduce the number of future race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts. Prior to the reduction in the number of authorized race dates due to budget deficits, the executive director of the Michigan gaming control board shall provide notice to the certified horsemen's organizations with an opportunity to respond with alternatives. In determining actual costs, the Michigan gaming control board shall take into account that each specific breed may require different regulatory mechanisms.

Sec. 805. (1) The department shall establish and administer a county fairs, shows, and expositions grant program. The program shall have the following objectives:

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

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

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

(3) From the amount appropriated in part 1 for county fairs, shows, and expositions, up to $20,000.00 shall be expended for the purpose of financial support, promotion, prizes, and premiums of equine, livestock, and other agricultural commodity expositions in this state.

(4) All fairs receiving grants under this section shall provide a report to the department on the financial impact resulting from the capital improvement projects on both fair and

nonfair events. These reports are due 3 years immediately following project completion.

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

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

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

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

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

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

(d) The tentative completion date for the work project is September 30, 2020.

(8) The department shall provide a year-end report on the county fairs, shows, and expositions grants no later than December 1, 2018 to the subcommittees and the fiscal agencies, which shall include a listing of the grantees, award amounts, match funding, and project outcomes.

PART 2A

PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

FOR FISCAL YEAR 2018-2019

GENERAL SECTIONS

Sec. 1201. It is the intent of the legislature to provide appropriations for the fiscal year ending on September 30, 2019 for the line items listed in part 1. The fiscal year 2018-2019 appropriations are anticipated to be the same as those for fiscal year 2017-2018, except that the line items will be adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. These adjustments will be determined after the January 2018 consensus revenue estimating conference.