

DRAFT 2
SUBSTITUTE FOR
HOUSE BILL NO. 4211

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

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

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

APPROPRIATION SUMMARY

Full-time equated unclassified positions 6.0



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|----|--|-------|---------------|
| 1 | Full-time equated classified positions | 428.0 | |
| 2 | GROSS APPROPRIATION | | \$ 76,693,300 |
| 3 | Interdepartmental grant revenues: | | |
| 4 | IDG from LARA (LCC), liquor quality testing fees | | 214,100 |
| 5 | IDG from MDNR, forest development fund | | 200,000 |
| 6 | IDG from MDEQ, biosolids | | 110,200 |
| 7 | Total interdepartmental grants and intradepartmental | | |
| 8 | transfers..... | | 524,300 |
| 9 | ADJUSTED GROSS APPROPRIATION | | \$ 76,169,000 |
| 10 | Federal revenues: | | |
| 11 | USDA, multiple grants | | 5,814,900 |
| 12 | EPA, multiple grants | | 1,601,800 |
| 13 | HHS-FDA..... | | 2,304,200 |
| 14 | Total federal revenues | | 9,720,900 |
| 15 | Special revenue funds: | | |
| 16 | Total local revenues | | 0 |
| 17 | Private - slow-the-spread foundation | | 20,400 |
| 18 | Private - commodity group revenue | | 76,500 |
| 19 | Total private revenues | | 96,900 |
| 20 | Agricultural preservation fund | | 1,624,500 |
| 21 | Agriculture equine industry development fund | | 3,855,500 |
| 22 | Agriculture licensing and inspection fees | | 4,075,000 |
| 23 | Animal welfare fund..... | | 214,900 |
| 24 | Commodity inspection fees | | 432,000 |
| 25 | Consumer and industry food safety education fund | | 314,800 |
| 26 | Dairy and food safety fund | | 3,329,600 |
| 27 | Freshwater protection fund | | 5,173,000 |



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|----|---|------------------|
| 1 | Gasoline inspection and testing fund | 2,723,700 |
| 2 | Grain dealer fee fund | 696,900 |
| 3 | Horticulture fund | 37,900 |
| 4 | Industry support funds | 443,600 |
| 5 | Migratory labor housing fund | 162,600 |
| 6 | Nonretail liquor fees | 797,700 |
| 7 | Refined petroleum fund | 4,012,000 |
| 8 | Renewable fuels fund | 51,200 |
| 9 | Testing fees | 285,000 |
| 10 | Weights and measures regulation fees | 791,000 |
| 11 | Total other state restricted revenues | 29,020,900 |
| 12 | State general fund/general purpose | \$ 37,330,300 |
| 13 | Sec. 102. DEPARTMENTWIDE | |
| 14 | Full-time equated unclassified positions | 6.0 |
| 15 | Full-time equated classified positions | 27.0 |
| 16 | Commissions and boards | \$ 23,800 |
| 17 | Unclassified positions--6.0 FTE positions | 707,000 |
| 18 | Executive direction--9.0 FTE positions | 1,360,200 |
| 19 | Operational services--15.0 FTE positions | 1,041,700 |
| 20 | Statistical reporting service--1.0 FTE position | 148,700 |
| 21 | Emergency management--2.0 FTE positions | 800,700 |
| 22 | Accounting service center | 948,400 |
| 23 | Rent and building occupancy | <u>1,061,600</u> |
| 24 | GROSS APPROPRIATION | \$ 6,092,100 |
| 25 | Appropriated from: | |
| 26 | Federal revenues: | |
| 27 | USDA, multiple grants | 240,400 |



| | | |
|----|--|---------------------|
| 1 | EPA, multiple grants | 186,300 |
| 2 | HHS-FDA | 574,500 |
| 3 | Special revenue funds: | |
| 4 | Private - commodity group revenue | 76,500 |
| 5 | Agricultural preservation fund | 24,300 |
| 6 | Agriculture licensing and inspection fees | 181,600 |
| 7 | Freshwater protection fund | 35,900 |
| 8 | Industry support funds | 52,200 |
| 9 | Nonretail liquor fees | 39,600 |
| 10 | Refined petroleum fund | 320,300 |
| 11 | State general fund/general purpose | \$ 4,360,500 |
| 12 | Sec. 103. INFORMATION AND TECHNOLOGY | |
| 13 | Information technology services and projects | \$ <u>1,444,700</u> |
| 14 | GROSS APPROPRIATION | \$ 1,444,700 |
| 15 | Appropriated from: | |
| 16 | Interdepartmental grant revenues: | |
| 17 | IDG from LARA (LCC), liquor quality testing fees | 3,100 |
| 18 | Special revenue funds: | |
| 19 | Agricultural preservation fund | 200 |
| 20 | Agriculture equine industry development fund | 83,700 |
| 21 | Agriculture licensing and inspection fees | 31,900 |
| 22 | Freshwater protection fund | 100 |
| 23 | Gasoline inspection testing fund | 30,900 |
| 24 | Nonretail liquor fees | 500 |
| 25 | State general fund/general purpose | \$ 1,294,300 |
| 26 | Sec. 104. FOOD AND DAIRY | |
| 27 | Full-time equated classified positions | 101.0 |



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|----|--|----|------------------|
| 1 | Food safety and quality assurance--75.0 FTE positions | \$ | 10,881,200 |
| 2 | Milk safety and quality assurance--26.0 FTE positions | | <u>3,821,300</u> |
| 3 | GROSS APPROPRIATION | \$ | 14,702,500 |
| 4 | Appropriated from: | | |
| 5 | Federal revenues: | | |
| 6 | USDA, multiple grants | | 318,800 |
| 7 | HHS-FDA | | 961,400 |
| 8 | Special revenue funds: | | |
| 9 | Consumer and industry food safety education fund | | 314,800 |
| 10 | Dairy and food safety fund | | 3,329,600 |
| 11 | State general fund/general purpose | \$ | 9,777,900 |
| 12 | Sec. 105. ANIMAL INDUSTRY | | |
| 13 | Full-time equated classified positions | | 60.0 |
| 14 | Animal disease prevention and response--60.0 FTE | | |
| 15 | positions | \$ | 8,706,100 |
| 16 | Indemnification - livestock depredation | | <u>49,600</u> |
| 17 | GROSS APPROPRIATION | \$ | 8,755,700 |
| 18 | Appropriated from: | | |
| 19 | Federal revenues: | | |
| 20 | USDA, multiple grants | | 513,400 |
| 21 | HHS-FDA | | 45,400 |
| 22 | Special revenue funds: | | |
| 23 | Agriculture licensing and inspection fees | | 11,700 |
| 24 | Animal welfare fund | | 214,900 |
| 25 | State general fund/general purpose | \$ | 7,970,300 |
| 26 | Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT | | |
| 27 | Full-time equated classified positions | | 86.0 |



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|----|--|----|------------|
| 1 | Pesticide and plant pest management--81.0 FTE | | |
| 2 | positions..... | \$ | 10,876,300 |
| 3 | Producer security/grain dealers--5.0 FTE positions ... | | 736,700 |
| 4 | GROSS APPROPRIATION | \$ | 11,613,000 |
| 5 | Appropriated from: | | |
| 6 | Federal revenues: | | |
| 7 | USDA, multiple grants | | 822,200 |
| 8 | EPA, multiple grants | | 719,400 |
| 9 | HHS-FDA | | 116,900 |
| 10 | Special revenue funds: | | |
| 11 | Private - slow-the-spread foundation | | 20,400 |
| 12 | Agriculture licensing and inspection fees | | 3,773,300 |
| 13 | Commodity inspection fees | | 432,000 |
| 14 | Grain dealers fee fund | | 696,900 |
| 15 | Horticulture fund | | 37,900 |
| 16 | Industry support funds | | 240,300 |
| 17 | State general fund/general purpose | \$ | 4,753,700 |
| 18 | Sec. 107. ENVIRONMENTAL STEWARDSHIP | | |
| 19 | Full-time equated classified positions..... | | 50.0 |
| 20 | Environmental stewardship--18.0 FTE positions | \$ | 6,020,400 |
| 21 | Michigan agriculture environmental assurance program-- | | |
| 22 | 7.0 FTE positions..... | | 1,668,800 |
| 23 | Farmland and open space preservation--9.0 FTE | | |
| 24 | positions..... | | 1,300,000 |
| 25 | Private forest development program | | 200,000 |
| 26 | Local conservation districts | | 100 |
| 27 | Migrant labor housing--9.0 FTE positions | | 1,198,500 |



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|----|--|------------------|
| 1 | Right-to-farm--3.0 FTE positions | 571,400 |
| 2 | Intercounty drain--4.0 FTE positions | <u>468,300</u> |
| 3 | GROSS APPROPRIATION | \$ 11,427,500 |
| 4 | Appropriated from: | |
| 5 | Interdepartmental grant revenues: | |
| 6 | IDG from MDNR, forest development fund | 200,000 |
| 7 | IDG from MDEQ, biosolids | 110,200 |
| 8 | Federal revenues: | |
| 9 | USDA, multiple grants | 912,500 |
| 10 | EPA, multiple grants | 304,100 |
| 11 | Special revenue funds: | |
| 12 | Agricultural preservation fund | 1,300,000 |
| 13 | Freshwater protection fund | 5,137,000 |
| 14 | Migratory labor housing fund | 162,600 |
| 15 | State general fund/general purpose | \$ 3,301,100 |
| 16 | Sec. 108. LABORATORY PROGRAM | |
| 17 | Full-time equated classified positions | 90.0 |
| 18 | Laboratory services--36.0 FTE positions | \$ 5,571,300 |
| 19 | USDA monitoring--13.0 FTE positions | 1,586,000 |
| 20 | Consumer protection program--41.0 FTE positions | <u>6,016,100</u> |
| 21 | GROSS APPROPRIATION | \$ 13,173,400 |
| 22 | Appropriated from: | |
| 23 | Interdepartmental grant revenues: | |
| 24 | IDG from LARA (LCC), liquor quality testing fees | 211,000 |
| 25 | Federal revenues: | |
| 26 | USDA, multiple grants | 1,586,900 |
| 27 | EPA, multiple grants | 392,000 |



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|----|---|------|------------------|
| 1 | HHS-FDA | | 606,000 |
| 2 | Special revenue funds: | | |
| 3 | Agriculture equine industry development fund | | 604,600 |
| 4 | Agriculture licensing and inspection fees | | 76,500 |
| 5 | Gasoline inspection and testing fund | | 2,692,800 |
| 6 | Refined petroleum fund | | 3,691,700 |
| 7 | Renewable fuels fund | | 51,200 |
| 8 | Testing fees | | 285,000 |
| 9 | Weights and measures regulation fees | | 791,000 |
| 10 | State general fund/general purpose | \$ | 2,184,700 |
| 11 | Sec. 109. AGRICULTURE DEVELOPMENT | | |
| 12 | Full-time equated classified positions | 13.0 | |
| 13 | Agriculture development--10.0 FTE positions | | \$ 2,582,600 |
| 14 | Food and agriculture industry growth initiative | | 1,000,000 |
| 15 | Grape and wine program--3.0 FTE positions | | 802,600 |
| 16 | Rural development value-added grants | | <u>1,050,000</u> |
| 17 | GROSS APPROPRIATION | \$ | 5,435,200 |
| 18 | Appropriated from: | | |
| 19 | Federal revenues: | | |
| 20 | USDA, multiple grants | | 1,420,700 |
| 21 | Special revenue funds: | | |
| 22 | Industry support funds | | 151,100 |
| 23 | Nonretail liquor fees | | 757,600 |
| 24 | State general fund/general purpose | \$ | 3,105,800 |
| 25 | Sec. 110. FAIRS AND EXPOSITIONS | | |
| 26 | Full-time equated classified positions | 1.0 | |
| 27 | Fairs and racing--1.0 FTE position | | \$ 356,600 |



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|----|---|-------------------|
| 1 | County fairs capital improvement grants | 282,000 |
| 2 | Purses and supplements - fairs/licensed tracks | 708,300 |
| 3 | Licensed tracks - light horse racing | 40,300 |
| 4 | Light horse racing - breeders' awards | 20,000 |
| 5 | Standardbred breeders' awards | 285,900 |
| 6 | Standardbred purses and supplements - licensed tracks | 527,800 |
| 7 | Standardbred sire stakes | 239,000 |
| 8 | Thoroughbred supplements - licensed tracks | 385,900 |
| 9 | Thoroughbred breeders' awards | 358,600 |
| 10 | Thoroughbred sire stakes | <u>244,800</u> |
| 11 | GROSS APPROPRIATION | \$ 3,449,200 |
| 12 | Appropriated from: | |
| 13 | Special revenue funds: | |
| 14 | Agriculture equine industry development fund | 3,167,200 |
| 15 | State general fund/general purpose | \$ 282,000 |
| 16 | Sec. 111. CAPITAL OUTLAY | |
| 17 | Farmland and open space development acquisition | \$ <u>300,000</u> |
| 18 | GROSS APPROPRIATION | \$ 300,000 |
| 19 | Appropriated from: | |
| 20 | Special revenue funds: | |
| 21 | Agriculture preservation fund | 300,000 |
| 22 | State general fund/general purpose | \$ 0 |
| 23 | Sec. 112. ONE-TIME BASIS ONLY | |
| 24 | Private forestry program | \$ <u>300,000</u> |
| 25 | GROSS APPROPRIATION | \$ 300,000 |
| 26 | Appropriated from: | |
| 27 | State general fund/general purpose | \$ 300,000 |



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PART 2
PROVISIONS CONCERNING APPROPRIATIONS
FOR FISCAL YEAR 2013-2014

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 2013-2014 is \$66,351,200.00 and state spending from state resources to be paid to local units of government for fiscal year 2013-2014 is \$3,500,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Environmental stewardship \$ 3,500,000

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

Sec. 203. As used in this act:

(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) "FTE" means full-time equated.

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



1 (f) "IDG" means interdepartmental grant.

2 (g) "LARA" means the Michigan department of licensing and
3 regulatory affairs.

4 (h) "MDEQ" means the Michigan department of environmental
5 quality.

6 (i) "USDA" means the United States department of agriculture.

7 Sec. 204. The civil service commission shall bill departments
8 and agencies at the end of the first fiscal quarter for the charges
9 authorized by section 5 of article XI of the state constitution of
10 1963. Payments shall be made for the total amount of the billing by
11 the end of the second fiscal quarter.

12 Sec. 206. (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 this act 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 this act 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 this act



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

9 Sec. 207. The department shall maintain a searchable website
10 accessible by the public at no cost that includes, but is not
11 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. Unless otherwise specified, the departments shall
21 use the Internet to fulfill the reporting requirements of this act.
22 This requirement may include transmission of reports via electronic
23 mail to the recipients identified for each reporting requirement,
24 or it may include placement of reports on an Internet or Intranet
25 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. 211. Amounts appropriated in part 1 for information
10 technology may be designated as work projects and carried forward
11 to support technology projects under the direction of the
12 department of technology, management, and budget. Funds designated
13 in this manner are not available for expenditure until approved as
14 work projects under section 451a of the management and budget act,
15 1984 PA 431, MCL 18.1451a.

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

22 Sec. 214. From the funds appropriated in part 1 for
23 information technology, departments and agencies shall pay user
24 fees to the department of technology, management, and budget for
25 technology-related services and projects. The user fees shall be
26 subject to provisions of an interagency agreement between the
27 department and agencies and the department of technology,



1 management, and budget.

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

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

15 (a) The dates of each travel occurrence.

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

21 Sec. 219. It is the intent of the legislature that all
22 principal executive departments and agencies cooperate with the
23 development and implementation of the department of technology,
24 management, and budget statewide office space consolidation plan.

25 Sec. 228. Not later than November 15, the department shall
26 prepare and transmit a report that provides for estimates of the
27 total general fund/general purpose appropriation lapses at the



1 close of the fiscal year. This report shall summarize the projected
2 year-end general fund/general purpose appropriation lapses by major
3 departmental program or program areas. The report shall be
4 transmitted to the office of the state budget, the chairpersons of
5 the senate and house of representatives standing committees on
6 appropriations, and the senate and house fiscal agencies.

7 Sec. 229. Within 14 days after the release of the executive
8 budget recommendation, the department shall provide the state
9 budget director, the senate and house appropriations chairs, the
10 senate and house appropriations subcommittees on agriculture and
11 rural development, respectively, and the senate and house fiscal
12 agencies with an annual report on estimated state restricted fund
13 balances, state restricted fund projected revenues, and state
14 restricted fund expenditures for the fiscal year ending September
15 30, 2014.

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

22 **DEPARTMENTWIDE**

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



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

2 (a) Management services publications.

3 (b) Management services audit and licensing functions.

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

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

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

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

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

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

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

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

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



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

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

14 **ANIMAL INDUSTRY**

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

21 Sec. 453. (1) Of the funds appropriated in part 1, the
22 department may provide for indemnity as provided for pursuant to
23 the animal industry act, 1988 PA 466, MCL 287.701 to 287.746, not
24 to exceed \$100,000.00 per order from any line item for the fiscal
25 year ending September 30, 2013. Before the department provides for
26 an indemnification under this section, the department shall report



1 the reason for the indemnification, the amount of the
2 indemnification, and to whom the indemnification is to be paid. The
3 report shall be given to each member of the senate and house
4 appropriations subcommittees on agriculture and rural development
5 and to the senate and house fiscal agencies and to the state budget
6 director.

7 (2) The department of agriculture and rural development shall
8 make an indemnification payment for the fair market value of
9 livestock killed by a wolf, coyote, or cougar, if the kill is
10 verified by the department of natural resources. The fair market
11 value of the livestock shall be determined pursuant to the
12 indemnification procedures prescribed in the animal industry act,
13 1988 PA 466, MCL 287.701 to 287.745.

14 (3) The funds appropriated in part 1 for indemnification -
15 livestock depredation are appropriated for indemnification payments
16 and related department costs under subsection (2). On or before
17 March 1 of the current fiscal year, the department shall report to
18 the house and senate appropriations subcommittees on agriculture
19 and rural development, and the house and senate fiscal agencies, on
20 costs incurred in the 2011-2012 and 2012-2013 fiscal years for
21 indemnification payments to producers made under subsection (2) and
22 related department costs.

23 Sec. 454. The department shall use its resources to
24 collaborate with the United States department of agriculture and
25 rural development to obtain TB-free status for the area of the
26 Lower Peninsula that is zoned as modified accredited advanced. The
27 department shall also aggressively work toward eradicating bovine



1 TB in the modified accredited zone. The department shall also
2 convene a workgroup to work toward eradicating bovine TB in the
3 modified accredited zone.

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

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

26 Sec. 458. From the funds appropriated in part 1 for animal
27 industry, the department shall provide inspection and testing of



1 aquaculture facilities and aquaculture researchers as provided
2 under section 7 of the Michigan aquaculture development act, 1996
3 PA 199, MCL 286.877. It is the intent of the legislature that the
4 department shall work with aquaculture facilities and aquaculture
5 researchers to identify, contain, and eradicate viral hemorrhagic
6 septicemia in this state.

7 **PESTICIDE AND PLANT PEST MANAGEMENT**

8 Sec. 552. The department is encouraged to work with local
9 public health departments and with the USDA to maintain and expand
10 the clean sweep program for the safe disposal of hazardous
11 household chemicals and prescription drugs. The department shall
12 report to the house and senate appropriations subcommittees on
13 agriculture and rural development and the house and senate fiscal
14 agencies by March 1 of the current fiscal year on clean sweep
15 locations in this state and on factors affecting program success
16 and expansion including funding requirements.

17 **AGRICULTURE DEVELOPMENT**

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

22 (2) The department shall award grants on a competitive basis
23 from the funds appropriated in part 1 for rural development value-
24 added grants. Grantees will be required to provide a cash match and
25 identify measurable project outcomes. Eligible grantees may



1 include, but are not limited to, individuals, partnerships,
2 cooperatives, private or public corporations, and local units of
3 government.

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

22 Sec. 706. Not later than April 1 of the current fiscal year,
23 the department shall provide a report to the senate and house
24 appropriations subcommittees on agriculture and rural development
25 and the senate and house fiscal agencies describing the
26 department's agriculture development and export market development
27 activities. The report shall identify grants awarded during the



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

3 Sec. 709. (1) Not later than April 1 of the current fiscal
4 year, the department shall provide a report to the senate and house
5 appropriations subcommittees on agriculture and rural development
6 and the senate and house fiscal agencies describing the activities
7 of the grape and wine industry council established under section
8 303 of the Michigan liquor control act of 1998, 1998 PA 58, MCL
9 436.1303.

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

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

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

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

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

26 (2) In addition to the funds appropriated in part 1, the
27 department of agriculture and rural development may receive and



1 expend up to \$2,000,000.00 in funds received from the Michigan
2 strategic fund or the Michigan economic development corporation for
3 the food and agriculture industry growth initiative.

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

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

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

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

19 **FAIRS AND EXPOSITIONS**

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

25 Sec. 802. All appropriations from the agriculture equine
26 industry development fund, except for the racing commission and



1 laboratory analysis program appropriations, shall be reduced
2 proportionately if revenues to the agriculture equine industry
3 development fund decline during the fiscal year ending September
4 30, 2013 to a level lower than the amounts appropriated in section
5 110.

6 Sec. 803. In the event there is no live thoroughbred race meet
7 in 2013 or 2014, all purse money and program money appropriated for
8 the thoroughbred industry in fiscal year 2012-2013 and fiscal year
9 2013-2014 shall be held in escrow for a period not to exceed 18
10 months, or until a thoroughbred race meet license is applied for
11 and granted by the Michigan gaming control board. In the event
12 there is no thoroughbred meet in 2013 or 2014, the purse pool
13 distribution order to be issued by the Michigan gaming control
14 board in 2014 that delineates distribution between the thoroughbred
15 meet that has been held at pinnacle race course and the joint
16 thoroughbred/quarterhorse meet held in Mt. Pleasant shall be the
17 same distribution formula as issued in 2013, with the thoroughbred
18 portion being held in escrow.

19 Sec. 804. The Michigan gaming control board shall use actual
20 expenditure data in determining the actual regulatory costs of
21 conducting racing dates and shall provide that data to the senate
22 and house of representatives appropriations subcommittees on
23 agriculture and rural development and general government and the
24 senate and house fiscal agencies by November 1 of the current
25 fiscal year. The Michigan gaming control board shall not be
26 reimbursed for more than the actual regulatory cost of conducting
27 race dates. If a certified horsemen's organization funds more than



1 the actual regulatory cost, the balance shall remain in the
2 agriculture equine industry development fund to be used to fund
3 subsequent race dates conducted by race meeting licensees with
4 which the certified horsemen's organization has contracts. If a
5 certified horsemen's organization funds less than the actual
6 regulatory costs of the additional horse racing dates, the Michigan
7 gaming control board shall reduce the number of future race dates
8 conducted by race meeting licensees with which the certified
9 horsemen's organization has contracts. Prior to the reduction in
10 the number of authorized race dates due to budget deficits, the
11 executive director of the Michigan gaming control board shall
12 provide notice to the certified horsemen's organizations with an
13 opportunity to respond with alternatives. In determining actual
14 costs, the Michigan gaming control board shall take into account
15 that each specific breed may require different regulatory
16 mechanisms.

17 Sec. 805. (1) The department shall establish and administer a
18 county fairs capital improvement grant program. The program shall
19 assist in the promotion of building improvements or other capital
20 improvements at county fairgrounds of the state.

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

26 (3) The department shall identify criteria, evaluate
27 applications, and provide recommendations to the director for final



1 approval of grant awards.

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

5 (5) The unexpended portion of the county fairs capital
6 improvement grant program is considered a work project
7 appropriation in accordance with the management and budget act,
8 1984 PA 431, MCL 18.1101 to 18.1594.

9 (6) The department shall provide an interim report no later
10 than March 1 of the current fiscal year and a year-end report no
11 later than September 30 of the current fiscal year to the senate
12 and house appropriations subcommittees on agriculture and rural
13 development and the senate and house fiscal agencies, including the
14 grantees, award amount, match funding, and project outcomes.

15 **CAPITAL OUTLAY**

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

23 (2) The state budget director may authorize that funds
24 appropriated for lump-sum appropriations shall be available for no
25 more than 3 fiscal years following the fiscal year in which the
26 original appropriation was made. Any remaining balance from



1 appropriations are anticipated to be the same as those for fiscal
2 year 2013-2014, except that the line items will be adjusted for
3 changes in caseload and related costs, federal fund match rates,
4 economic factors, and available revenue. These adjustments will be
5 determined after the January 2014 consensus revenue estimating
6 conference.

