

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:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. There is appropriated for the department of
4 agriculture and rural development for the fiscal year ending
5 September 30, 2018, from the following funds:

6 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

7 APPROPRIATION SUMMARY

8	Full-time equated unclassified positions.....	6.0
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1	Full-time equated classified positions.....	493.5	
2	GROSS APPROPRIATION.....		\$ 109,744,600
3	Interdepartmental grant revenues:		
4	IDG from department of licensing and regulatory		
5	affairs, liquor quality testing fees.....		221,800
6	IDG from department of environmental quality,		
7	biosolids		88,500
8	Total interdepartmental grants and intradepartmental		
9	transfers		310,300
10	ADJUSTED GROSS APPROPRIATION.....		\$ 109,434,300
11	Federal revenues:		
12	USDA, multiple grants.....		6,133,100
13	EPA, multiple grants.....		1,268,100
14	HHS-FDA.....		3,633,900
15	Department of Interior.....		238,800
16	Total federal revenues.....		11,273,900
17	Special revenue funds:		
18	Total local revenues.....		0
19	Private - slow the spread foundation.....		21,100
20	Private - commodity group revenue.....		80,500
21	Total private revenues.....		101,600
22	Agriculture preservation fund.....		1,427,800
23	Agriculture equine industry development fund.....		3,667,200
24	Agriculture licensing and inspection fees.....		4,065,800
25	Animal welfare fund.....		193,300
26	Commodity inspection fees.....		710,700
27	Consumer and industry food safety education fund.....		355,800

1	Dairy and food safety fund.....	5,925,300
2	Feed control fund.....	1,243,200
3	Fertilizer control fund.....	849,900
4	Freshwater protection fund.....	7,914,500
5	Gasoline inspection and testing fund.....	1,504,700
6	Grain dealers fee fund.....	580,000
7	Horticulture fund.....	38,800
8	Industry support funds.....	444,900
9	Migratory labor housing fund.....	167,800
10	Nonretail liquor fees.....	908,900
11	Private forestland enhancement fund.....	480,200
12	Refined petroleum fund.....	3,197,100
13	Rural development fund.....	2,000,000
14	Testing fees.....	265,000
15	Weights and measures regulation fees.....	720,000
16	Total other state restricted revenues.....	36,660,900
17	State general fund/general purpose.....	\$ 61,397,900
18	State general fund/general purpose schedule:	
19	Ongoing state general fund/general	
20	purpose	54,847,900
21	One-time state general fund/general	
22	purpose	6,550,000
23	Sec. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT	
24	Full-time equated unclassified positions.....	6.0
25	Full-time equated classified positions.....	24.0
26	Unclassified positions.....	\$ 562,300
27	Accounting service center.....	1,150,400

1	Commissions and boards.....	23,800
2	Emergency management--4.0 FTE positions.....	979,600
3	Executive direction--20.0 FTE positions.....	2,216,900
4	Property management.....	<u>709,000</u>
5	GROSS APPROPRIATION.....	\$ 5,642,000
6	Appropriated from:	
7	Federal revenues:	
8	HHS-FDA.....	334,400
9	Special revenue funds:	
10	Agriculture preservation fund.....	17,000
11	Agriculture licensing and inspection fees.....	127,700
12	Freshwater protection fund.....	25,300
13	Industry support funds.....	54,300
14	Nonretail liquor fees.....	30,500
15	State general fund/general purpose.....	\$ 5,052,800
16	Sec. 103. INFORMATION AND TECHNOLOGY	
17	Information technology services and projects.....	\$ <u>1,778,500</u>
18	GROSS APPROPRIATION.....	\$ 1,778,500
19	Appropriated from:	
20	Interdepartmental grant revenues:	
21	IDG from department of licensing and regulatory	
22	affairs, liquor quality testing fees.....	3,200
23	Special revenue funds:	
24	Agriculture preservation fund.....	200
25	Agriculture licensing and inspection fees.....	93,800
26	Dairy and food safety fund.....	61,200
27	Freshwater protection fund.....	100

1	Gasoline inspection testing fund.....	31,800
2	Nonretail liquor fees.....	500
3	State general fund/general purpose.....	\$ 1,587,700
4	Sec. 104. FOOD AND DAIRY	
5	Full-time equated classified positions.....	125.0
6	Food safety and quality assurance--94.0 FTE positions	\$ 16,648,400
7	Milk safety and quality assurance--31.0 FTE positions	<u>4,510,300</u>
8	GROSS APPROPRIATION.....	\$ 21,158,700
9	Appropriated from:	
10	Federal revenues:	
11	HHS-FDA.....	2,301,500
12	USDA, multiple grants.....	136,300
13	Special revenues funds:	
14	Consumer and industry food safety education fund.....	355,800
15	Dairy and food safety fund.....	5,373,900
16	State general fund/general purpose.....	\$ 12,991,200
17	Sec. 105. ANIMAL INDUSTRY	
18	Full-time equated classified positions.....	61.0
19	Animal agriculture initiative.....	\$ 399,000
20	Animal disease prevention and response--61.0 FTE	
21	positions	9,364,300
22	Indemnification - livestock depredation.....	<u>50,000</u>
23	GROSS APPROPRIATION.....	\$ 9,813,300
24	Appropriated from:	
25	Federal revenues:	
26	Department of Interior.....	40,800
27	HHS-FDA.....	46,600

1	USDA, multiple grants.....	528,600
2	Special revenue funds:	
3	Private - commodity group revenue.....	30,500
4	Agriculture licensing and inspection fees.....	69,700
5	Animal welfare fund.....	193,300
6	State general fund/general purpose.....	\$ 8,903,800
7	Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT	
8	Full-time equated classified positions.....	94.0
9	Pesticide and plant pest management--88.0 FTE	
10	positions	\$ 14,073,800
11	Producer security/grain dealers--6.0 FTE positions ...	<u>618,500</u>
12	GROSS APPROPRIATION.....	\$ 14,692,300
13	Appropriated from:	
14	Federal revenues:	
15	Department of Interior.....	101,700
16	EPA, multiple grants.....	536,700
17	HHS-FDA.....	325,100
18	USDA, multiple grants.....	715,000
19	Special revenue funds:	
20	Private - slow-the-spread foundation.....	21,100
21	Agriculture licensing and inspection fees.....	3,543,200
22	Commodity inspection fees.....	709,600
23	Feed control fund.....	1,056,600
24	Fertilizer control fund.....	825,900
25	Freshwater protection fund.....	154,600
26	Grain dealers fee fund.....	572,100
27	Horticulture fund.....	38,800

1	Industry support funds.....	248,000
2	State general fund/general purpose.....	\$ 5,843,900
3	Sec. 107. ENVIRONMENTAL STEWARDSHIP	
4	Full-time equated classified positions.....	65.5
5	Environmental stewardship - MAEAP--25.0 FTE positions	\$ 10,236,600
6	Farmland and open space preservation--10.0 FTE	
7	positions	1,623,100
8	Intercounty drain--6.0 FTE positions.....	802,900
9	Migrant labor housing--9.0 FTE positions.....	1,206,800
10	Qualified forest program--9.0 FTE positions.....	2,697,300
11	Right-to-farm--6.5 FTE positions.....	<u>950,800</u>
12	GROSS APPROPRIATION.....	\$ 17,517,500
13	Appropriated from:	
14	Interdepartmental grant revenues:	
15	IDG from department of environmental quality,	
16	biosolids	88,500
17	Federal revenues:	
18	Department of Interior.....	96,300
19	EPA, multiple grants.....	558,700
20	USDA, multiple grants.....	822,300
21	Special revenue funds:	
22	Agriculture preservation fund.....	1,410,600
23	Freshwater protection fund.....	7,689,500
24	Migratory labor housing fund.....	139,200
25	Private forestland enhancement fund.....	480,200
26	State general fund/general purpose.....	\$ 6,232,200
27	Sec. 108. LABORATORY SERVICES	

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

1	Weights and measures regulation fees		720,000
2	State general fund/general purpose	\$	7,069,700
3	Sec. 109. AGRICULTURAL DEVELOPMENT		
4	Full-time equated classified positions.....	17.0	
5	Agricultural development--12.0 FTE positions	\$	4,019,800
6	Food and agriculture investment program		4,743,900
7	Grape and wine program--3.0 FTE positions		927,000
8	Rural development fund grant program--1.0 FTE		
9	position		2,000,000
10	Statistical reporting service--1.0 FTE position		<u>204,700</u>
11	GROSS APPROPRIATION	\$	11,895,400
12	Appropriated from:		
13	Federal revenues:		
14	USDA, multiple grants		2,307,700
15	Special revenue funds:		
16	Private - commodity group revenue		50,000
17	Industry support funds		142,600
18	Nonretail liquor fees		877,900
19	Rural development fund		2,000,000
20	State general fund/general purpose	\$	6,517,200
21	Sec. 110. FAIRS AND EXPOSITIONS		
22	County fairs, shows, and expositions grants	\$	649,300
23	Advanced deposit wagering		100
24	Fairs and racing		256,600
25	Licensed tracks - light horse racing		40,300
26	Light horse racing - breeders' awards		20,000
27	Purses and supplements - fairs/licensed tracks		708,300

1	Standardbred breeders' awards.....	345,900
2	Standardbred purses and supplements - licensed tracks	671,800
3	Standardbred sire stakes.....	275,000
4	Thoroughbred breeders' awards.....	368,600
5	Thoroughbred sire stakes.....	378,800
6	Thoroughbred supplements - licensed tracks.....	<u>601,900</u>
7	GROSS APPROPRIATION.....	\$ 4,316,600
8	Appropriated from:	
9	Special revenue funds:	
10	Agriculture equine industry development fund.....	3,667,200
11	State general fund/general purpose.....	\$ 649,400
12	Sec. 111. ONE-TIME APPROPRIATIONS	
13	Enhanced wildlife risk management project.....	\$ 1,000,000
14	Intercounty drain.....	250,000
15	Tree fruit commission.....	1,500,000
16	Fruit and vegetable mobile lab project.....	1,200,000
17	Food bank council of Michigan.....	2,500,000
18	Albion equestrian center.....	<u>100,000</u>
19	GROSS APPROPRIATION.....	\$ 6,550,000
20	Appropriated from:	
21	Special revenue funds:	
22	State general fund/general purpose.....	\$ 6,550,000

23 PART 2

24 PROVISIONS CONCERNING APPROPRIATIONS

25 FOR FISCAL YEAR 2017-2018

1 **GENERAL SECTIONS**

2 Sec. 201. Pursuant to section 30 of article IX of the state
3 constitution of 1963, total state spending from state resources
4 under part 1 for fiscal year 2017-2018 is \$98,058,900.00 and state
5 spending from state resources to be paid to local units of
6 government for fiscal year 2017-2018 is \$7,350,000.00. The itemized
7 statement below identifies appropriations from which spending to
8 local units of government will occur:

9 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

10	Environmental stewardship/MAEAP.....	\$	4,250,000
11	Enhanced wildlife risk management project.....	\$	1,000,000
12	Rural development fund grant program.....	\$	600,000
13	Qualified forest program.....		<u>1,500,000</u>
14	TOTAL.....	\$	7,350,000

15 Sec. 202. The appropriations authorized under part 1 and this
16 part are subject to the management and budget act, 1984 PA 431, MCL
17 18.1101 to 18.1594.

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

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

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

22 (c) "EPA" means the United States Environmental Protection
23 Agency.

24 (d) "FDA" means the United States Food and Drug
25 Administration.

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

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

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

4 (h) "IDG" means interdepartmental grant.

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

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

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

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

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

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

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

17 (p) "TB" means tuberculosis.

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

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

25 Sec. 205. Funds appropriated in part 1 shall not be used for
26 the purchase of foreign goods or services, or both, if
27 competitively priced and of comparable quality American goods or

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

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

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

25 (a) The dates of each travel occurrence.

26 (b) The transportation and related costs of each travel
27 occurrence, including the proportion funded with state general

1 fund/general purpose revenues, the proportion funded with state
2 restricted revenues, the proportion funded with federal revenues,
3 and the proportion funded with other revenues.

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

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

19 Sec. 210. (1) In addition to the funds appropriated in part 1,
20 there is appropriated an amount not to exceed \$5,000,000.00 for
21 federal contingency funds. These funds are not available for
22 expenditure until they have been transferred to another line item
23 in part 1 under section 393(2) of the management and budget act,
24 1984 PA 431, MCL 18.1393.

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

1 expenditure until they have been transferred to another line item
2 in part 1 under section 393(2) of the management and budget act,
3 1984 PA 431, MCL 18.1393.

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

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

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

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

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

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

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

27 (e) Job specifications and wage rates.

1 Sec. 212. Within 14 days after the release of the executive
2 budget recommendation, the department shall cooperate with the
3 state budget office to provide the senate and house appropriations
4 chairs, the subcommittees, respectively, and the senate and house
5 fiscal agencies with an annual report on estimated state restricted
6 fund balances, state restricted fund projected revenues, and state
7 restricted fund expenditures for the fiscal years ending September
8 30, 2017 and September 30, 2018.

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

13 Sec. 214. Total authorized appropriations from all sources
14 under part 1 for legacy costs for the fiscal year ending September
15 30, 2018 is \$12,400,000.00. From this amount, total agency
16 appropriations for pension-related legacy costs are estimated at
17 \$6,381,100.00. Total agency appropriations for retiree health care
18 legacy costs are estimated at \$6,018,900.00.

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

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

1 **DEPARTMENTWIDE**

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

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

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

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

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

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

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

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

27 (3) The department shall notify the subcommittees and the

1 fiscal agencies 30 days prior to proposing changes in fees
2 authorized under this section or under section 5 of 1915 PA 91, MCL
3 285.35.

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

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

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

24 **FOOD AND DAIRY**

25 Sec. 401. (1) The department shall report on the previous
26 calendar year's activities of the food and dairy division. The

1 report shall include information on activities and outcomes of the
2 dairy safety and inspection program, the food safety inspection
3 program, the foodborne illness and emergency response program, and
4 the food service program.

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

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

12 ANIMAL INDUSTRY

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

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

24 Sec. 453. (1) The department shall not make an indemnification
25 payment exceeding \$100,000.00 in accordance with the animal
26 industry act, 1988 PA 466, MCL 287.701 to 287.746, until the

1 department provides all of the following information to the
2 subcommittees and the fiscal agencies:

3 (a) The reason for the indemnification.

4 (b) The amount of the indemnification.

5 (2) From the funds appropriated in part 1 for indemnification
6 - livestock depredation, the department shall make indemnification
7 payments for livestock killed by a wolf, coyote, or cougar pursuant
8 to the wildlife depredation indemnification act, 2012 PA 487, MCL
9 285.361 to 285.365.

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

14 (a) The reason for the indemnification.

15 (b) The amount of the indemnification.

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

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

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

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

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

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

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

1 **PESTICIDE AND PLANT PEST MANAGEMENT**

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

7 **ENVIRONMENTAL STEWARDSHIP**

8 Sec. 601. The funds appropriated in part 1 for environmental
9 stewardship/MAEAP shall be used to support department agriculture
10 pollution prevention programs, including groundwater and freshwater
11 protection programs under part 87 of the Michigan natural resources
12 and environmental protection act, 1994 PA 451, MCL 324.8701 to
13 324.8717, and technical assistance in implementing conservation
14 grants available under the federal farm bill of 2014.

15 Sec. 602. The department shall report on the previous calendar
16 year's activities of the environmental stewardship division. The
17 report shall be transmitted to the subcommittees and the fiscal
18 agencies and posted to the department's website on or before April
19 1 of each year.

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

26 Sec. 608. (1) The appropriations in part 1 for qualified

1 forest affidavit program are for the purpose of increasing the
2 knowledge of nonindustrial private forestland owners of sound
3 forest management practices and increasing the amount of commercial
4 timber production from those lands.

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

9 **LABORATORY PROGRAM**

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

14 **AGRICULTURE DEVELOPMENT**

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

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

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

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

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

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

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

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

27 (b) All projects will be funded in accordance with this

1 section and the project guidelines approved by the Michigan
2 agriculture commission prior to an award.

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

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

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

10 (a) Grants.

11 (b) Loans or loan guarantees.

12 (c) Infrastructure development.

13 (d) Other economic assistance.

14 (e) Program administration.

15 (f) Export assistance.

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

19 Sec. 706. (1) The department shall report on the previous
20 calendar year's activities of the agriculture development division.
21 The report shall be transmitted to the subcommittees and the fiscal
22 agencies and posted to the department's website on or before April
23 1 of each year.

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

26 (a) The name of the grantee.

27 (b) The amount of the grant.

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

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

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

5 Sec. 709. (1) Not later than April 1 of the current fiscal
6 year, the department shall provide a report to the subcommittees
7 and the fiscal agencies describing the activities of the grape and
8 wine industry council established under section 303 of the Michigan
9 liquor control code of 1998, 1998 PA 58, MCL 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 previous fiscal year and the
17 results of research grant projects completed during the previous
18 fiscal year.

19 **FAIRS AND EXPOSITIONS**

20 Sec. 801. All appropriations from the agriculture 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 Michigan gaming control

1 board's regulatory expenses and the department's expenses to
2 administer horse racing programs and laboratory analysis, shall be
3 reduced proportionately if revenues to the agriculture equine
4 industry development fund decline during the preceding fiscal year
5 to a level lower than the amounts appropriated in part 1.

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

1 determining actual costs, the Michigan gaming control board shall
2 take into account that each specific breed may require different
3 regulatory mechanisms.

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

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

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

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

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

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

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

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

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

9 (7) 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, 2020.

23 (8) The department shall provide a year-end report on the
24 county fairs, shows, and expositions grants no later than December
25 1, 2018 to the subcommittees and the fiscal agencies, which shall
26 include a listing of the grantees, award amounts, match funding,
27 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.