

Legislative Analysis



ENVIRONMENTAL COMPLIANCE BOOKLET FOR FOOD PROCESSORS

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House Bill 5878 (Substitute H-1)
Sponsor: Rep. Goeff Hansen
Committee: Agriculture

First Analysis (5-23-06)

BRIEF SUMMARY: The bill would require the DEQ to develop a booklet identifying environmental laws affecting farm produce processors.

FISCAL IMPACT: The bill would have an indeterminate fiscal impact on the Department of Environmental Quality. The cost of design, printing, and distribution would be covered through the department's existing budget. While these costs would be absorbed by the department, there would be no need to invest additional financial resources for the purposes described in the bill. There would be no fiscal impact on local governmental units.

THE APPARENT PROBLEM:

Food processors are a type of manufacturer that transform the various types of food products (fruits, vegetables, animals) into a wide range of products that can be more useful or convenient, such as canned, jarred, or frozen fruit. These manufacturers are an important component of the Michigan economy, not only because they add value to farm products, but because they also provide jobs and other economic investment, often in rural areas. Indeed, a January 2006 report by the Product Center for Agriculture and Natural Resources at Michigan State University estimated that food processors and manufacturers provide \$12.74 billion in direct economic activity in the state.

Given the nature of their operations, food processors can have a major impact on the state's environment and natural resources. The industry says it is subject to a number of environmental laws that can be confusing, to say the least. It has been suggested that to ensure better compliance with the state's environmental laws, the Department of Environmental Quality should develop a guide book for the food processing industry.

THE CONTENT OF THE BILL:

The bill would amend the Natural Resources and Environmental Protection Act to create a new Part 29 (Environmental Compliance Assistance) to require the Department of Environmental Quality to prepare a booklet identifying various environmental laws and rules affecting persons engaged in drying, cleaning, packaging, or otherwise changing the characteristics of farm produce and storing the farm produce for at least 24 hours (i.e. food processors). The booklet would have to be available for distribution beginning September 30, 2007.

The bill does not define the phrase "farm produce," although the phrase is defined in the Grain Dealers Act to mean dry edible beans, soybeans, small grains, cereal grains, or corn. The introduced version of the bill referenced this definition, although the apparent intent of the substitute bill is to read "farm produce" to at least include fruits and vegetables.

The Right to Farm Act defines "farm product" to mean those plants and animals useful to human beings produced by agriculture and includes, but is not limited to, forages and sod crops, grains and feed crops, field crops, dairy and dairy products, poultry and poultry products, cervidae, livestock, including breeding and grazing, equine, fish, and other aquacultural products, bees and bee products, berries, herbs, fruits, vegetables, flowers, seeds, grasses, nursery stock, trees and tree products, mushrooms, and other similar products, or any other product which incorporates the use of food, feed, fiber, or fur, as determined by the Agriculture Commission.

Also, the Senate has passed Senate Bill 223, which provides an apprenticeship credit against the Single Business Tax to food processors. Under that bill, food processors are identified according to the appropriate classification codes of the North American Industrial Classification System (NAICS).

An amendment defining "farm produce" is expected.

MCL 324.2901

BACKGROUND INFORMATION:

At present, there are two other bills pending before the legislature that would require the DEQ to develop similar environmental compliance booklets. House Bill 5716, introduced by Representative Mortimer, would require the DEQ a booklet identifying environmental laws and rules affecting farms and farm operations. The bill is part of a larger package of bills aimed at improving the Michigan Agriculture Environmental Assurance Program, and is currently pending on the House floor.

Also, the Senate-passed version of Senate Bill 1086, the FY 2007 DEQ appropriations bill, contains a boilerplate provision (Section 503) requiring the department to develop an environmental compliance guide for the fruit and vegetable processing sector. The bill also requires the DEQ to develop a schedule to publish compliance guides for other small business categories. The guides should assist small businesses in complying with state environmental regulatory requirements.

In addition, the Department of Environmental Quality and Department of Labor and Economic Growth jointly publish the Michigan Manufacturers Guide to Environmental, Health, and Safety Regulations explaining the environmental, health, and safety obligations of manufacturers. The document is published on a biennial basis, and the 2006 edition should be available next month. The 2004 edition is available through the

DEQ's website at, http://www.michigan.gov/deq/0,1607,7-135-3307_3668_4148-15820--,00.html.

ARGUMENTS:

For:

Given its importance to the Michigan economy and the size of these operations, it's vitally important, both from an environmental and business standpoint, that food processors know and understand the environmental regulatory environment in which they must operate. The development of a environmental compliance guidebook helps achieve that. The Department of Environmental Quality implements and administers a number of laws concerning air and water quality, and solid and hazardous wastes, often in conjunction with the federal Environmental Protection Agency. For food processors (and other business sectors) this confusing array of laws and regulations makes compliance rather difficult. From a business standpoint, noncompliance with state environmental laws opens food processors to lawsuits and potentially subjects them to costly fines and penalties. From an environmental standpoint, noncompliance with state environmental laws can impair the state's air and water quality, plant and animal habitat, and other natural resources. This adversely impacts the many individuals and businesses that rely on these natural resources for hunting, fishing, and other recreational activities.

POSITIONS:

The Department of Environmental Quality supports the bill. (5-17-06)

The Michigan Farm Bureau supports the bill. (5-17-06)

The Michigan Food Processors Association supports the bill. (5-17-06)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.