

AGRICULTURE

Summary: House Subcommittee Substitute

HB 4352, (H-1, Draft 1)

FY 2007-08 Appropriations

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	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House Sub	FY 2007-08 Enacted	Difference: House From FY 2006-07 YTD	
						Amount	%
IDG/IDT	10,367,510	9,390,400	9,390,600	10,390,400		22,890	0.2
Federal	23,542,831	21,990,600	20,990,600	21,240,600		(2,302,231)	(9.8)
Local	0	0	0	0		0	0
Private	183,800	188,500	188,500	188,500		4,700	2.6
Restricted	47,803,959	45,423,700	49,671,800	46,902,400		(901,559)	(1.9)
GF/GP	28,333,900	29,337,400	29,337,500	30,054,200		1,720,300	6.1
Gross	\$110,232,000	\$106,330,600	\$109,579,000	\$108,776,100		(\$1,455,900)	(1.3)
FTEs	696.0	680.0	679.0	680.0		0.0	0.0

FY 2006-07 YTD reflects Executive Order 2007-3 which reduced gross appropriations by \$3.1 million (gross), \$2.9 million (GF/GP), and SB436 which reduced GF/GP appropriations by \$286,200.

Executive reflects Executive revision transmitted by the State Budget Office February 12, 2007.

Senate reflects Senate Appropriations Committee substitute for SB 222.

House Sub reflect HB 4352 H-1, Draft 1 as reported from subcommittee August 21, 2007

Overview

The Department of Agriculture promotes Michigan agricultural products; protects the public from disease and unsanitary conditions in food production and handling; regulates product labeling and producer practices for dairy products, animals, and plants; and enforces consumer protection laws regarding food, standard weights/measures, animal health, and plant pests and diseases.

Executive Recommendation: The Governor proposed gross appropriations of \$106.3 million, \$3.9 million less than current-year-to-date appropriations. The Executive budget included General Fund/General Purpose (GF/GP) appropriations of \$29.3 million; \$1.0 million more than current-year-to-date, but \$1.6 million less than the original FY 2006-07 appropriation act, prior to Executive Order and SB 436 reductions. Appropriated federal funds reflect continuing reductions in federal support for the Emerald Ash Borer program. Reduced state-restricted revenue is largely due to anticipated reduction in Agriculture Equine Industry Development Fund (AEIDF) revenue due to anticipated opening of two permanent Detroit casinos.

House Substitute for HB 4352: HB 4352 H-1, Draft 1, as reported from subcommittee, would appropriate \$1.5 million gross more than the Executive recommendation, including \$716,800 more GF/GP. The House concurs with a number of proposed Executive changes from current year appropriations as shown below. House differences from the proposed Executive budget are shown on the following page.

House/Executive Changes From FY 2006-07 YTD Appropriations
Animal Industry – House reflects Executive's \$125,000 GF/GP reduction in baseline program from current year-to-date.
Pesticide and Plant Pest Mgt. – Reflects Executive recommendation of a \$200,000 GF/GP reduction in baseline program.
Emerald Ash Borer – House appropriates \$10.2 million (federal), \$2.8 million less than current year reflection continuing reductions in federal support.
Laboratory Services – House adopts Executive recommendation reflecting \$150,000 GF/GP reduction in baseline programs.
Horse Race Purses and Supplementals – The House concurs with the Executive recommendation for various horse industry line items in the Fairs and Expositions appropriations unit. These lines were reduced to balance anticipated reductions in AEIDF revenue.

House Differences from Executive Recommendation

August 21, 2007

Agriculture Statistics – House concurs with the Executive in end of one-time \$50,000 appropriation from the AEIDF for equine survey. House includes \$100,000 GF/GP more than Executive.	\$100,000 Gross \$100,000 GF/GP
Management Services – House substitute appropriates \$100,000 GF/GP less than the Executive recommendation. (The Senate substitute would appropriate \$500,000 less than the Executive.)	(\$100,000 Gross) (\$100,000 GF/GP)
Federal Grants – Executive proposed a new line item to provide \$1.0 million in spending authority for unspecified/unidentified federal grants which the department may obtain during the fiscal year. This line is not included in the House substitute, although the House does include contingency appropriations in boilerplate Section 228.	(\$1,000,000 Gross) (\$1,000,000 Federal)
Food and Dairy – House includes \$200,000 (Restricted) in additional spending authority to recognize estimated additional Civil Fine revenue.	\$200,000 Gross \$200,000 State Restricted
Bovine TB – House includes \$215,500 from AEIDF.	\$215,500 Gross \$215,500 State Restricted
Environmental Stewardship – House adds \$150,000 (GF/GP) to provide for intercounty drain program.	\$150,000 Gross \$150,000 GF/GP
Local Conservation Districts – The Executive had proposed elimination of grants to local conservation districts; House retains funding for line at \$916,800 (GF/GP), \$158,400 more than current-year-to-date, \$600,000 less than original FY 2006-07 appropriation.	\$916,800 Gross \$916,800 GF/GP
Migrant Housing – House adds \$250,000 (Federal) to recognize additional federal grants the department anticipates receiving.	\$250,000 Gross \$250,000 Federal
Cooperative Resources Management Initiative (CRMI) – House includes \$1.0 million IDG from the DNR which is ultimately sourced from the Forest Development Fund. The Executive had eliminated this line because of anticipated revenue shortfall in the fund.	\$1,000,000 Gross \$1,000,000 IDG
Agriculture Development – The Executive had proposed a \$500,000 GF/GP increase in baseline funding for <i>Buy Michigan</i> program. House recognizes only \$150,000 GF/GP increase; \$350,000 less than the Executive. (House retains \$50,000 GF/GP funding for Export Market Development; this was eliminated in Senate substitute for SB 222.)	(\$350,000) Gross (\$350,000) GF/GP
Future Farmers/Michigan 4-H Foundation – House retains AEIDF funding for these grant programs; adds boilerplate limitation in Sections 704 and 711.	\$100,000 Gross \$100,000 State Restricted
Building and Track Improvements, County and State Fairs – House retains AEIDF funding for this grant programs.	\$963,200 Gross \$963,200 State Restricted
Boilerplate Appropriations -- The House includes an additional \$950,000 GF/GP appropriation contingent on the passage by the legislature of legislation to increase GF/GP revenue by not less than \$1.0 billion. The specific items are: Section 405: Food and Dairy – \$600,000 GF/GP Section 452: Bovine TB Program – \$200,000 GF/GP Section 608: Environmental Stewardship/Right to Farm – \$150,000 GF/GP	
Total House Difference from Executive Recommendation	\$2,445,500 Gross \$1,000,000 IDG (\$750,000) Federal \$1,478,700 State Restricted \$716,800 GF/GP

House Boilerplate Compared to FY 2006-07 YTD Appropriations

Sec. 201. State Spending – MODIFIED

Standard section – updated to reflect Part 1.

Sec. 202. Management & Budget Act – RETAINED

Standard section – reference to PA 431 of 1984.

Sec. 203. Definitions – RETAINED

Sec. 204. Civil Service Billing – RETAINED

Standard section – reference to Article XI of the Constitution.

Sec. 205. Hiring Freeze – RETAINED

Standard section establishing restrictions on hiring classified civil service employees.

Sec. 208. Internet Reports – RETAINED

Provides for Internet to fulfill reporting requirements.

Sec. 209. Foreign Goods & Services – RETAINED

Directs the department to give priority to purchase of Michigan goods and services.

Sec. 210. Deprived & Depressed Communities – RETAINED

Requires department director to take reasonable steps to ensure that businesses in deprived/depressed communities compete for contracts.

Sec. 212. Indemnification – RETAINED

Provides for indemnification under the Animal Industry Act, 1988 PA 466.

Sec. 214. Grant Notification – RETAINED

Requires ten-day notice to House and Senate appropriations subcommittees on Agriculture when a grant is made from any line item other than a grant line item.

Sec. 219. Information Technology as Work Projects – RETAINED

Provides for treatment of information technology projects as work projects.

Sec. 220. Information Technology User Fees – RETAINED

Provides for user fees for information technology projects.

Sec. 223. Out-of-State Travel – MODIFIED

Standard section – limitation on out-of-state travel, travel report. House modifies date references.

Sec. 224. Employee Discipline – RETAINED

Prohibits state departments or agencies from disciplining employees for communicating with the legislature.

Sec. 225. Agriculture and Livestock Education Pavilion – RETAINED

Indicates legislative intent that Department explore opportunities to expand facilities and size of MSU Pavilion for Agriculture and Livestock Education.

Sec. 227. Return on Investment – MODIFIED

Requires Department to provide summary report on real and potential return on investment for each of Department's programs. House updates date references.

Sec. 228. Contingency Funds – NEW

House provides for \$5.0 million federal, \$6.0 million state-restricted, \$100,000 local, and \$100,000 private contingency funds available only if transferred to a budgetary line item in accordance with the Management and Budget Act.

Sec. 301. Commission and Boards – RETAINED

Sets the per diem rates for commodity boards.

Sec. 302. Fee Revenue/Notification of Inspection Fee Changes – RETAINED

Authorizes use of certain fee revenue for department programs; provides for notification 30 days prior to proposing changes in fees authorized under Section 302 of the Market Conditions Act of 1915. Retains reporting requirement.

Sec. 304. Motor Fuel Quality – MODIFIED

House requires department to maintain same level of effort as in current fiscal year; eliminates specific \$3.8 million designation for program in current law.

Sec. 305. Equine Industry – NOT INCLUDED

House does not include one-time survey of the equine industry in Michigan.

Sec. 401. Restaurant Inspection and Licensing – RETAINED

Requires Department to monitor restaurant inspection and licensing activities conducted by locals and to report to Legislature.

Sec. 402. Food Safety – RETAINED

Requires Department to provide reports on food-borne outbreaks and emergencies related to food safety.

Sec. 403. Local Programs – RETAINED

Requires that local units of government obtain permission from the Department prior to moving or reallocating program funds appropriated in section 104.

Sec. 404. Consumer and Industry Food Education Fund – RETAINED

Requires that not less than \$150,000 from the fund be expended for purposes under Section 4114 of the Food Act of 2000.

Sec. 405. Food Safety Contingency – NEW

The House includes an additional \$600,000 GF/GP appropriation contingent on the passage by the legislature of legislation to increase GF/GP revenue by not less than \$1.0 billion.

Sec. 407. Carry Forward for Food and Dairy E-inspector Program– NEW

Directs that funds from FY 2006-07 budget not lapse but be carried forward as a work project for the e-inspector program.

Sec. 450. Bovine Tuberculosis (TB) – RETAINED

Requires Department to reimburse DNR for mutually-agreed-to bovine tuberculosis costs.

Sec. 451. Bovine Tuberculosis(Split State Status) – RETAINED

Requires Department to pay for all whole-herd and individual-animal testing costs to maintain split-state status.

Sec. 452. Bovine TB Program Contingency – NEW

The House includes an additional \$200,000 GF/GP appropriation contingent on the passage by the legislature of legislation to increase GF/GP revenue by not less than \$1.0 billion.

Sec. 456. Electronic Animal ID Program – NEW

Prohibits funding for mandatory electronic ID program for any domestic animal other than cattle.

Sec. 501. Laboratory Services – NEW

House provides a "sufficient amount" from licensing and inspection fees to provide for animal feed testing programs.

Sec. 603. Migrant Labor Housing – RETAINED

Requires Department to apply for any available federal funds to support the migrant labor housing program.

Sec. 604. Local Conservation Districts – MODIFIED

Provides \$11,600 for each of 79 local conservation districts. This had been \$19,200 in the current year, prior to Executive Order 2007-3.

Sec. 606. Match for USDA Environmental Quality Initiative – NEW

Directs Department to search for all possible funding sources to match USDA environmental quality initiative funds.

Sec. 607. Inter-county Drain Program – NEW

Indicates legislative intent that department continue its activities as provided under the Drain Code.

Sec. 608. Right to Farm Contingency – NEW

The House includes an additional \$150,000 GF/GP appropriation contingent on the passage by the legislature of legislation to increase GF/GP revenue by not less than \$1.0 billion.

Sec. 702. Food Bank – RETAINED

Allows the Food Bank Council to expend unused funds for direct food purchase.

Sec. 703. Northwest Michigan Horticultural Research Station – NOT INCLUDED

House does not include \$30,000 grant.

Sec. 704. FFA – Indirect Costs – MODIFIED

Prohibits indirect costs from being charged against the grant to FFA; House requires that grant (up to \$80,000) be matched by organization.

Sec. 705. Export Market – RETAINED

Directs state funding to be used to leverage export marketing programs offered by the federal government.

Sec. 706. Agricultural Development – MODIFIED

Requires Department to report on agricultural development and export market development activities; House updates date references.

Sec. 707. Agricultural Development Fund - RETAINED

Requires Department, in awarding grants from the fund, to give due consideration to the diversity of Michigan agriculture and its economic importance.

Sec. 708. Agricultural Development Fund – RETAINED

Authorizes Department to receive and expend monies from the fund.

Sec. 709. Grape and Wine Industry Council – MODIFIED

Requires Department to provide report describing activities of the council; House updates date reference.

Sec. 710. Export Markets – RETAINED

Allows Department to match external funding for domestic and international marketing programs to develop new and enhance existing export markets for Michigan agricultural products.

Sec. 711. 4-H Foundation – RETAINED

House requires that grant (up to \$20,000) be matched by organization.

Sec. 801. State Simulcasting Tax Revenue Report – RETAINED

Requires Department to submit a monthly report on state simulcasting tax revenue and license fees.

Sec. 802. Purses and Supplements - Licensed Tracks – MODIFIED

Identifies amounts to be used for state purse supplements at state licensed pari-mutuel tracks. House concurs with Executive in reduction from \$280,000, to \$220,000 from the AEIDF.

Sec. 803. Thoroughbred Program – MODIFIED

Provides funding from the *Thoroughbred program* line item to the Michigan United Thoroughbred Breeders and Owners Association to conduct a thoroughbred yearling show. House concurs with the Executive in reduction from \$30,500, to \$23,500 from the AEIDF.

Sec. 804. Thoroughbred Owners Awards – RETAINED

Provides funding for thoroughbred owners' awards.

Sec. 805. Agriculture Equine Fund Reduction Report – RETAINED

Requires Department to notify Legislature ten days prior to reductions in appropriations, allocations, or expenditures from the Agriculture Equine Industry Development Fund.

Sec. 806. Fair Prizes and Awards – RETAINED

Requires fairs to publish rules and guidelines for exhibits eligible for state premiums; establishes grievance procedures.

Sec. 807. Purse Supplements – RETAINED

Provides for overnight purse supplements.

Sec. 808. Horse Show – RETAINED

Allocates \$91,400 from premiums line for grants for large livestock and equine exhibitors; Michigan Horse Show Association's Fall Youth Show.

Sec. 809. Youth in Agriculture – RETAINED

Allocates \$40,000 from *Premiums – county and state fairs* for a grant to promote youth involvement in the animal agriculture industry; establishes guidelines for eligibility to receive grants.

Sec. 811. Outstanding Unclaimed Tickets – RETAINED

Prohibits using funds for distribution of outstanding winning tickets until they are deposited in the Agriculture Equine Industry Development Fund. Department is to provide ten-day notice before funds are spent.

Sec. 901. Criminal Activity Information Rewards – RETAINED

Allows Racing Commissioner to pay rewards up to \$5,800 to individuals who provide information on criminal activity involving the horse racing industry.

Sec. 902. Thoroughbred Program "Escrow" – NEW

Directs that in the event that there is not live thoroughbred meet in 2008, all purse and program money appropriated in FY 2007-08 be held in escrow for a period not to exceed 18 months.