

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning

House Bill No. 5268, entitled

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2017; and to provide for the expenditure of the appropriations.

Recommends:

First: That the Senate recede from the Substitute of the Senate as passed by the Senate.

Second: That the House and Senate agree to the Substitute of the House as passed by the House, amended to read as follows:

(attached)

Third: That the House and Senate agree to the title of the bill to read as follows:

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2017; and to provide for the expenditure of the appropriations.

Nancy E. Jenkins

Mike Green

Roger Victory

Jim Stamas

Jon Hoadley

Hoon-Yung Hopgood

Conferees for the House

Conferees for the Senate

**SUBSTITUTE FOR
HOUSE BILL NO. 5268**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2017; 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, 2017, from the following funds:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

APPROPRIATION SUMMARY

Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	473.0

1	GROSS APPROPRIATION.....	\$	94,101,300
2	Interdepartmental grant revenues:		
3	IDG from LARA (LCC), liquor quality testing fees.....		220,100
4	IDG from MDEQ, biosolids.....		103,100
5	Total interdepartmental grants and intradepartmental		
6	transfers		323,200
7	ADJUSTED GROSS APPROPRIATION.....	\$	93,778,100
8	Federal revenues:		
9	Department of Interior.....		273,800
10	EPA, multiple grants.....		1,313,100
11	HHS, multiple grants.....		2,520,600
12	USDA, multiple grants.....		6,363,700
13	Total federal revenues.....		10,471,200
14	Special revenue funds:		
15	Private - commodity group revenue.....		109,600
16	Private - slow-the-spread foundation.....		21,100
17	Total private revenues.....		130,700
18	Agricultural preservation fund.....		1,109,800
19	Agriculture equine industry development fund.....		3,667,200
20	Agriculture licensing and inspection fees.....		4,107,400
21	Animal welfare fund.....		193,300
22	Commodity inspection fees.....		516,000
23	Consumer and industry food safety education fund.....		355,400
24	Dairy and food safety fund.....		5,103,800
25	Feed control fund.....		1,135,200
26	Fertilizer control fund.....		762,600
27	Freshwater protection fund.....		6,401,300

1	Gasoline inspection and testing fund.....	1,990,200
2	Grain dealers fee fund.....	615,000
3	Horticulture fund.....	38,800
4	Industry support funds.....	433,300
5	Migratory labor housing fund.....	167,800
6	Nonretail liquor fees.....	904,200
7	Private forestland enhancement fund.....	288,200
8	Refined petroleum fund.....	2,373,200
9	Rural development fund.....	2,000,000
10	Testing fees.....	293,100
11	Weights and measures regulation fees.....	793,500
12	Total other state restricted revenues.....	33,249,300
13	State general fund/general purpose.....	\$ 49,926,900
14	State general fund/general purpose schedule:	
15	Ongoing state general fund/general	
16	purpose	\$47,536,900
17	One-time state general fund/general	
18	purpose	\$2,390,000
19	Sec. 102. DEPARTMENTWIDE	
20	Full-time equated unclassified positions.....	6.0
21	Full-time equated classified positions.....	32.0
22	Commissions and boards.....	\$ 23,800
23	Unclassified positions--6.0 FTE positions.....	545,900
24	Executive direction--9.0 FTE positions.....	1,413,500
25	Operational services--19.0 FTE positions.....	1,882,700
26	Statistical reporting service--1.0 FTE position.....	153,600
27	Emergency management--3.0 FTE positions.....	614,600

1	Accounting service center.....	1,141,600
2	Building occupancy charges.....	<u>631,200</u>
3	GROSS APPROPRIATION.....	\$ 6,406,900
4	Appropriated from:	
5	Federal revenues:	
6	HHS, multiple grants.....	331,900
7	Special revenue funds:	
8	Private - commodity group revenue.....	79,100
9	Agricultural preservation fund.....	15,200
10	Agriculture licensing and inspection fees.....	263,900
11	Commodity inspection fees.....	1,100
12	Dairy and food safety fund.....	416,900
13	Feed control fund.....	38,900
14	Fertilizer control fund.....	24,000
15	Freshwater protection fund.....	67,500
16	Gasoline inspection and testing fund.....	80,000
17	Grain dealers fee fund.....	7,900
18	Industry support funds.....	54,300
19	Migratory housing fund.....	28,600
20	Nonretail liquor fees.....	28,100
21	State general fund/general purpose.....	\$ 4,969,500
22	Sec. 103. INFORMATION AND TECHNOLOGY	
23	Information technology services and projects.....	\$ <u>1,768,500</u>
24	GROSS APPROPRIATION.....	\$ 1,768,500
25	Appropriated from:	
26	Interdepartmental grant revenues:	
27	IDG from LARA (LCC), liquor quality testing fees.....	3,200

1	Special revenue funds:		
2	Agricultural preservation fund.....		200
3	Agriculture licensing and inspection fees.....		93,800
4	Dairy and food safety fund.....		61,200
5	Freshwater protection fund.....		100
6	Gasoline inspection and testing fund.....		31,800
7	Nonretail liquor fees.....		500
8	State general fund/general purpose.....	\$	1,577,700
9	Sec. 104. FOOD AND DAIRY		
10	Full-time equated classified positions.....	123.0	
11	Food safety and quality assurance--93.0 FTE positions		\$ 14,006,400
12	Milk safety and quality assurance--30.0 FTE positions		<u>4,260,100</u>
13	GROSS APPROPRIATION.....		\$ 18,266,500
14	Appropriated from:		
15	Federal revenues:		
16	HHS, multiple grants.....		1,193,800
17	USDA, multiple grants.....		136,300
18	Special revenue funds:		
19	Consumer and industry food safety education fund.....		355,400
20	Dairy and food safety fund.....		4,554,500
21	State general fund/general purpose.....		\$ 12,026,500
22	Sec. 105. ANIMAL INDUSTRY		
23	Full-time equated classified positions.....	60.0	
24	Animal disease prevention and response--60.0 FTE		
25	positions		\$ 9,054,500
26	Indemnification - livestock depredation.....		50,000
27	Animal agriculture initiative - ongoing.....		<u>399,000</u>

1	GROSS APPROPRIATION.....	\$	9,503,500
2	Appropriated from:		
3	Federal revenues:		
4	Department of Interior.....		50,800
5	HHS, multiple grants.....		46,600
6	USDA, multiple grants.....		527,900
7	Special revenue funds:		
8	Private commodity group revenue.....		30,500
9	Agriculture licensing and inspection fees.....		59,300
10	Animal welfare fund.....		193,300
11	State general fund/general purpose.....	\$	8,595,100
12	Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT		
13	Full-time equated classified positions.....	92.0	
14	Pesticide and plant pest management--86.0 FTE		
15	positions	\$	13,672,000
16	Producer security/grain dealers--6.0 FTE positions ...		<u>653,500</u>
17	GROSS APPROPRIATION.....	\$	14,325,500
18	Appropriated from:		
19	Federal revenues:		
20	Department of Interior.....		101,700
21	EPA, multiple grants.....		533,100
22	HHS, multiple grants.....		325,000
23	USDA, multiple grants.....		843,800
24	Special revenue funds:		
25	Private - slow-the-spread foundation.....		21,100
26	Agriculture licensing and inspection fees.....		3,611,600
27	Commodity inspection fees.....		514,900

1	Feed control fund.....		948,600
2	Fertilizer control fund.....		738,600
3	Freshwater protection fund.....		153,900
4	Grain dealers fee fund.....		607,100
5	Horticulture fund.....		38,800
6	Industry support funds.....		246,400
7	State general fund/general purpose.....	\$	5,640,900
8	Sec. 107. ENVIRONMENTAL STEWARDSHIP		
9	Full-time equated classified positions.....	55.0	
10	Environmental stewardship - MAEAP--23.0 FTE positions	\$	9,146,800
11	Farmland and open space preservation--7.0 FTE		
12	positions		1,422,100
13	Qualified forest program--9.0 FTE positions		2,582,700
14	Migrant labor housing--9.0 FTE positions		1,199,400
15	Right-to-farm--3.0 FTE positions		577,600
16	Intercounty drain--4.0 FTE positions		<u>484,400</u>
17	GROSS APPROPRIATION.....	\$	15,413,000
18	Appropriated from:		
19	Interdepartmental grant revenues:		
20	IDG from MDEQ, biosolids.....		103,100
21	Federal revenues:		
22	Department of Interior.....		121,300
23	EPA, multiple grants.....		608,300
24	USDA, multiple grants.....		922,300
25	Special revenue funds:		
26	Agricultural preservation fund.....		1,094,400
27	Freshwater protection fund.....		6,179,800

1	Migratory labor housing fund.....		139,200
2	Private forestland enhancement fund.....		288,200
3	State general fund/general purpose.....	\$	5,956,400
4	Sec. 108. LABORATORY PROGRAM		
5	Full-time equated classified positions.....	96.0	
6	Laboratory services--42.0 FTE positions.....	\$	6,611,000
7	USDA monitoring--13.0 FTE positions.....		1,616,500
8	Consumer protection program--41.0 FTE positions.....		<u>6,637,400</u>
9	GROSS APPROPRIATION.....	\$	14,864,900
10	Appropriated from:		
11	Interdepartmental grant revenues:		
12	IDG from LARA (LCC), liquor quality testing fees.....		216,900
13	Federal revenues:		
14	EPA, multiple grants.....		171,700
15	HHS, multiple grants.....		623,300
16	USDA, multiple grants.....		1,617,400
17	Special revenue funds:		
18	Agriculture licensing and inspection fees.....		78,800
19	Dairy and food safety fund.....		71,200
20	Feed control fund.....		147,700
21	Gasoline inspection and testing fund.....		1,878,400
22	Refined petroleum fund.....		2,373,200
23	Testing fees.....		293,100
24	Weights and measures regulation fees.....		793,500
25	State general fund/general purpose.....	\$	6,599,700
26	Sec. 109. AGRICULTURE DEVELOPMENT		
27	Full-time equated classified positions.....	15.0	

1	Agriculture development--11.0 FTE positions	\$	3,604,300
2	Grape and wine program--3.0 FTE positions		921,000
3	Value-added grants - ongoing		500,000
4	Rural development fund grant program--1.0 FTE		
5	position		<u>2,000,000</u>
6	GROSS APPROPRIATION	\$	7,025,300
7	Appropriated from:		
8	Federal revenues:		
9	USDA, multiple grants		2,316,000
10	Special revenue funds:		
11	Industry support funds		132,600
12	Nonretail liquor fees		875,600
13	Rural development fund		2,000,000
14	State general fund/general purpose	\$	1,701,100
15	Sec. 110. FAIRS AND EXPOSITIONS		
16	Fairs and racing	\$	256,600
17	County fairs, shows, and exhibitions grants		470,000
18	Purses and supplements - fairs/licensed tracks		708,300
19	Licensed tracks - light horse racing		40,300
20	Light horse racing - breeders' awards		20,000
21	Standardbred breeders' awards		345,900
22	Standardbred purses and supplements - licensed tracks		671,800
23	Standardbred sire stakes		275,000
24	Thoroughbred supplements - licensed tracks		601,900
25	Thoroughbred breeders' awards		368,600
26	Thoroughbred sire stakes		<u>378,800</u>
27	GROSS APPROPRIATION	\$	4,137,200

1	Appropriated from:		
2	Special revenue funds:		
3	Agriculture equine industry development fund.....		3,667,200
4	State general fund/general purpose.....	\$	470,000
5	Sec. 111. ONE-TIME BASIS ONLY		
6	Value-added grants - one-time.....	\$	1,000,000
7	Grape and wine council - one-time.....		170,000
8	Vital agriculture infrastructure grant program.....		220,000
9	Tree fruit research grants.....		500,000
10	Animal agriculture initiative - one-time.....		<u>500,000</u>
11	GROSS APPROPRIATION.....	\$	2,390,000
12	Appropriated from:		
13	State general fund/general purpose.....	\$	2,390,000

14 PART 2
15 PROVISIONS CONCERNING APPROPRIATIONS
16 FOR FISCAL YEAR 2016-2017

17 GENERAL SECTIONS

18 Sec. 201. Pursuant to section 30 of article IX of the state
19 constitution of 1963, total state spending from state resources
20 under part 1 for fiscal year 2016-2017 is \$83,176,200.00 and state
21 spending from state resources to be paid to local units of
22 government for fiscal year 2016-2017 is \$4,750,000.00. The itemized
23 statement below identifies appropriations from which spending to
24 local units of government will occur:

25 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

1	Environmental stewardship/MAEAP.....	\$	3,250,000
2	Qualified forest program.....		<u>1,500,000</u>
3	TOTAL.....	\$	4,750,000

4 Sec. 202. The appropriations authorized under part 1 and this
5 part are subject to the management and budget act, 1984 PA 431, MCL
6 18.1101 to 18.1594.

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

8 (a) "Department" means the department of agriculture and rural
9 development.

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

11 (c) "EPA" means the United States Environmental Protection
12 Agency.

13 (d) "FDA" means the United States Food and Drug
14 Administration.

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

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

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

20 (h) "IDG" means interdepartmental grant.

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

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

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

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

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

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

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

6 (p) "TB" means tuberculosis.

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

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

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

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

1 department contracts to subcontract with certified businesses in
2 depressed and deprived communities for services, supplies, or both.

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

13 (a) The dates of each travel occurrence.

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

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

25 Sec. 209. Not later than November 30, the state budget office
26 shall prepare and transmit a report that provides for estimates of
27 the total general fund/general purpose appropriation lapses at the

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

7 Sec. 210. (1) In addition to the funds appropriated in part 1,
8 there is appropriated an amount not to exceed \$5,000,000.00 for
9 federal contingency funds. These funds are not available for
10 expenditure until they have been transferred to another line item
11 in part 1 under section 393(2) of the management and budget act,
12 1984 PA 431, MCL 18.1393.

13 (2) In addition to the funds appropriated in part 1, there is
14 appropriated an amount not to exceed \$6,000,000.00 for state
15 restricted contingency funds. These funds are not available for
16 expenditure until they have been transferred to another line item
17 in part 1 under section 393(2) of the management and budget act,
18 1984 PA 431, MCL 18.1393.

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

25 (4) In addition to the funds appropriated in part 1, there is
26 appropriated an amount not to exceed \$100,000.00 for private
27 contingency funds. These funds are not available for expenditure

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

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

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

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

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

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

15 (e) Job specifications and wage rates.

16 Sec. 212. Within 14 days after the release of the executive
17 budget recommendation, the department shall cooperate with the
18 state budget office to provide the senate and house appropriations
19 chairs, the subcommittees, respectively, and the senate and house
20 fiscal agencies with an annual report on estimated state restricted
21 fund balances, state restricted fund projected revenues, and state
22 restricted fund expenditures for the fiscal years ending September
23 30, 2016 and September 30, 2017.

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

1 Sec. 214. Total authorized appropriations from all sources
2 under part 1 for legacy costs for the fiscal year ending September
3 30, 2017 is \$11,911,300.00. From this amount, total agency
4 appropriations for pension-related legacy costs are estimated at
5 \$6,604,500.00. Total agency appropriations for retiree health care
6 legacy costs are estimated at \$5,306,800.00.

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

10 Sec. 233. In addition to the metrics required under section
11 447 of the management and budget act, 1984 PA 431, MCL 18.1447, for
12 each new program or program enhancement for which funds in excess
13 of \$500,000.00 are appropriated in part 1, the department shall
14 provide not later than November 1, 2016 a list of program-specific
15 metrics intended to measure its performance based on a return on
16 taxpayer investment. The department shall deliver the program-
17 specific metrics to members of the senate and house subcommittees
18 that have subject matter jurisdiction for this budget, fiscal
19 agencies, and the state budget director. The department shall
20 provide an update on its progress in tracking program-specific
21 metrics and the status of program success at an appropriations
22 subcommittee meeting called for by the subcommittee chair.

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

1 otherwise required by federal and state guidelines.

2 **DEPARTMENTWIDE**

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

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

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

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

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

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

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

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

1 subsequent fiscal year.

2 (3) The department shall notify the subcommittees and the
3 fiscal agencies 30 days prior to proposing changes in fees
4 authorized under this section or under section 5 of the market
5 conditions act, 1915 PA 91, MCL 285.35.

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

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

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

26 Sec. 303. It is the intent of the legislature that the
27 department use revenue from licensing and inspection fees to

1 increase the use of technology in licensing and inspection
2 activities to make licensing and inspection functions, including
3 reporting, more efficient. The department shall work to ensure that
4 all license and registration applications can be completed online
5 through a secure web portal.

6 **FOOD AND DAIRY**

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

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

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

20 Sec. 403. It is the intent of the legislature that the
21 department work with the FDA and representatives of agriculture
22 producers to develop on-farm food safety education and training
23 programs to assist producers in implementing the food safety
24 modernization act, Public Law 111-353, requirements. The department
25 may receive and expend federal revenues in excess of the federal
26 revenue appropriated in part 1, section 104, for food safety

1 modernization act, Public Law 111-353, education and training
2 program activities. The department shall notify the subcommittees
3 and the fiscal agencies prior to expending federal revenues
4 authorized under this section.

5 **ANIMAL INDUSTRY**

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

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

17 Sec. 453. (1) From the funds appropriated in part 1 for animal
18 disease prevention and response, the department may provide for
19 indemnity pursuant to the animal industry act, 1988 PA 466, MCL
20 287.701 to 287.746, not to exceed \$100,000.00 per order. Any
21 indemnification agreement between the department and an owner of
22 livestock that exceeds \$100,000.00 shall be subject to specific
23 appropriation by the legislature.

24 (2) The department shall not make an indemnification payment
25 under the animal industry act, 1988 PA 466, MCL 287.701 to 287.746,
26 until the department provides all of the following information to

1 the subcommittees and the fiscal agencies:

2 (a) The reason for the indemnification.

3 (b) The amount of the indemnification.

4 (c) The person to whom the indemnification is to be paid.

5 (3) 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 (4) On or before March 1, 2017, the department shall report to
11 the subcommittees and the fiscal agencies on indemnification
12 payments for livestock depredation made in the previous fiscal
13 year. The report shall 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 2014 memorandum of understanding between the department and the
20 USDA.

21 Sec. 457. (1) On or before October 15, 2016, 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 Michigan, as well as those that
8 slaughter a significant number of animals from Michigan;
9 educational programs and information for Michigan'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 Michigan.

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 Sec. 652. The laboratory program shall increase turnaround
15 times in the Geagley laboratory from 30%-50% to 75%-80% and
16 implement a risk-based inspection program on devices and package
17 content in the consumer protection program in the current fiscal
18 year. The purpose of these programs is to ensure the protection of
19 consumers from economic harm due to labeling or measurement fraud
20 and to ensure the safety of the food supply. The department will
21 track the outcome of the program by measuring sample analysis
22 turnaround times and the percentage of compliant measurement
23 devices inspected in the fiscal year.

24 **AGRICULTURE DEVELOPMENT**

25 Sec. 701. (1) From the funds appropriated in part 1 for value-

1 added grants, the department shall do both of the following:

2 (a) Establish and administer a competitive grant program.

3 (b) Establish and administer a food and agriculture investment
4 program.

5 (2) Both programs established in subsection (1) shall promote
6 the expansion of value-added agricultural production, processing,
7 and access within the state.

8 (3) In addition to the funds appropriated in part 1, the
9 department may receive and expend funds received from outside
10 sources for the competitive grant program and the food and
11 agricultural investment program.

12 (4) Grantees funded through the competitive grant program will
13 be required to provide a cash match and identify measurable project
14 outcomes. Eligible grantees may include, but are not limited to,
15 individuals, partnerships, cooperatives, and private or public
16 corporations.

17 (5) For the competitive grant program, a joint evaluation
18 committee shall be selected by the director consisting of
19 representatives that have agriculture, business, and economic
20 development expertise. The joint evaluation committee shall
21 identify criteria, evaluate applications, and provide
22 recommendations to the director for final approval of grant awards.

23 (6) The department shall provide a year-end report on the
24 competitive grant program no later than September 30 of the current
25 fiscal year to the subcommittees and the fiscal agencies, which
26 shall include a listing of the grantees, award amounts, match
27 funding, and project outcomes.

1 (7) The food and agriculture investment program shall be
2 administered by the department to provide support for food and
3 agriculture projects that will help expand food and agriculture
4 processing in order to enable growth in the industry and Michigan's
5 economy. The department shall identify specific outcomes and
6 performance metrics for each project. Prior to the allocation of
7 funding, all projects shall receive approval from the Michigan
8 commission of agriculture and rural development.

9 (8) The unexpended portion of the valued-added grants program
10 shall be considered a work project appropriation in accordance with
11 the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

12 (9) The department may expend money from the funds
13 appropriated in part 1 for value-added grants for administration of
14 the program.

15 Sec. 702. The department shall work with the rural development
16 fund board to establish a process and criteria for funding projects
17 as well as establishing metrics and measurable outcomes for the
18 program. Funds appropriated from the rural development fund shall
19 be used in accordance with the provisions of 2012 PA 41.

20 Sec. 706. (1) The department shall report on the previous
21 calendar year's activities of the agriculture development division.
22 The report shall be transmitted to the subcommittees and the fiscal
23 agencies and posted to the department's website on or before April
24 1 of each year.

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

27 (a) The name of the grantee.

1 (b) The amount of the grant.

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

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

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

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

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

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

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

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

20 FAIRS AND EXPOSITIONS

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

26 Sec. 802. All appropriations from the agriculture equine

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

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

1 organizations with an opportunity to respond with alternatives. In
2 determining actual costs, the Michigan gaming control board shall
3 take into account that each specific breed may require different
4 regulatory mechanisms.

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

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

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

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

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

27 (4) The department shall award grants for the purposes

1 stipulated in subsection (3) on a competitive basis to persons
2 organizing shows and expositions. Grantees will be required to
3 provide a dollar-for-dollar cash match with grant awards and
4 identify measurable project outcomes.

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

8 (6) From the funds appropriated in part 1, for county fairs,
9 shows, and exhibitions grants, \$60,000.00 shall be used to support
10 capital improvements to the dairy barn at the Lenawee County fair.

11 (7) From the funds appropriated in part 1, for county fairs,
12 shows, and exhibitions grants, \$50,000.00 shall be used to make
13 capital improvements to the horse judging booth at the Tuscola
14 County fair.

15 (8) From the funds appropriated in part 1, for county fairs,
16 shows, and exhibitions grants, \$40,000.00 shall be used to make
17 capital improvements to the streets within the Monroe County
18 fairgrounds to improve handicap accessibility.

19 (9) The department may expend money from the funds
20 appropriated in part 1 for the county fairs, shows, and exhibitions
21 grants for administering the program.

22 (10) The unexpended portion of the county fairs, shows, and
23 exhibitions grants is considered a work project appropriation in
24 accordance with the management and budget act, 1984 PA 431, MCL
25 18.1101 to 18.1594.

26 (11) The department shall provide a year-end report on the
27 county fairs, shows, and exhibitions grants no later than December

1 1, 2017 to the subcommittees and the fiscal agencies, which shall
2 include a listing of the grantees, award amounts, match funding,
3 and project outcomes.

4 PART 2A

5 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

6 FOR FISCAL YEAR 2017-2018

7 GENERAL SECTIONS

8 Sec. 1201. It is the intent of the legislature to provide
9 appropriations for the fiscal year ending on September 30, 2018 for
10 the line items listed in part 1. The fiscal year 2017-2018
11 appropriations are anticipated to be the same as those for fiscal
12 year 2016-2017, except that the line items will be adjusted for
13 changes in caseload and related costs, federal fund match rates,
14 economic factors, and available revenue. These adjustments will be
15 determined after the January 2017 consensus revenue estimating
16 conference.