

FY 2023-24: AGRICULTURE AND RURAL DEVELOPMENT
Summary: As Passed by the Senate
Senate Bill 187 (S-2)



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IDG/IDT	FY 2022-23 YTD as of 2/8/23	FY 2023-24 Executive	FY 2023-24 House	FY 2023-24 Senate	FY 2023-24 Conference	Difference: Senate From FY 2022-23 YTD	
						Amount	%
	\$326,700	\$327,000	\$327,000	\$327,000	\$	\$300	0.1
Federal	19,670,900	19,660,400	19,660,400	19,660,400		(10,500)	(0.1)
Local	0	0	0	0		0	--
Private	21,300	21,300	21,300	21,300		0	0.0
Restricted	44,706,400	45,219,200	48,819,300	45,219,200		512,800	1.1
GF/GP	122,989,800	124,605,100	82,105,100	97,605,500		(25,384,300)	(20.6)
Gross	\$187,715,100	\$189,833,000	\$150,933,100	\$162,833,400	\$	(\$24,881,700)	(13.3)
FTEs	537.0	543.0	543.0	548.0		11.0	2.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) "House" means House Bill 4289 (H-1), as passed by the House May 10, 2023. (4) "Senate" means Senate Bill 187 (S-2), as passed by the Senate, May 9, 2023.

Overview

Michigan Department of Agriculture and Rural Development (MDARD) key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, consumer protection, and promoting the state's agricultural economy.

Major Budget Changes from FY 2022-23 YTD Appropriations

	FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 Senate Change
1. Emerging Contaminates in Food and Agriculture		
Executive requests \$6.2 million GF/GP, and 6.0 FTE positions, for new ongoing program to identify, respond to, and mitigate emerging contaminants, including PFAS, affecting agriculture and related food industries. [Funding has also been included in a FY 2022-23 supplemental budget request.] House includes but as a one-time funding item. Senate includes at \$6.1 million (\$2.1 million ongoing and \$4.0 million as one-time) – \$100,000 less than the Executive.	FTE Gross GF/GP	0.0 \$0 \$0
		6.0 \$6,080,000 \$6,080,000
2. Teddy's Law		
Senate includes \$100 placeholder for activities related to Senate Bills 148 and 149 related to the adoption of animals used in medical research.	Gross GF/GP	\$0 \$0
		\$100 \$100
3. Local Conservation Districts		
Executive retains \$2.0 million GF/GP in ongoing funding for local conservation districts but removes \$1.0 million GF/GP that was included as one-time funding. House concurs with Executive. Senate includes \$6.0 million - \$3.0 million each in ongoing and one-time.	Gross GF/GP	\$3,000,000 \$3,000,000
		\$3,000,000 \$3,000,000
4. Soil Health and Regenerative Agriculture		
Senate includes \$13.0 million GF/GP for a new grant program – \$2.0 million as ongoing and \$11.0 million as one-time, defined in boilerplate section 611.	Gross GF/GP	\$0 \$0
		\$13,000,000 \$13,000,000

		FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 Senate Change
<u>Major Budget Changes from FY 2022-23 YTD Appropriations</u>			
5. Fair Food Network – Double Up Food Bucks			
<u>Executive</u> includes \$900,000 GF/GP, same as current year. <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> includes \$4.0 million GF/GP, \$2.0 million each ongoing and one-time.	Gross	\$900,000	\$2,100,000
	GF/GP	\$900,000	\$2,100,000
Note that the <u>Executive</u> included \$15.5 million GF/GP (one-time) in FY 2022-23 supplemental request (SBO Request letter 2023-2).			
6. Michigan Craft Beverage Council			
<u>Executive</u> recognizes additional revenue in the Michigan Craft Beverage Council Fund, including part of the fund balance, to be used in support of Council activities. The fund receives revenue from fees dedicated to the program under Michigan’s Liquor Control Code. <u>House</u> includes an additional \$1.0 million GF/GP as one-time funding. <u>Senate</u> concurs with <u>Executive</u> .	FTE	3.0	0.0
	Gross	\$926,100	\$410,000
	Restricted	926,100	410,000
	GF/GP	\$0	\$0
7. Producer Security			
<u>Executive</u> includes \$150,000 in additional restricted fund support for administration of the Farm Produce Insurance Act; the act will have to be amended to raise the current ceiling on administrative expenses. <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> concurs with <u>Executive</u> .	FTE	5.0	0.0
	Gross	\$754,000	\$150,000
	Restricted	735,200	150,000
	GF/GP	\$18,800	\$0
8. Horse Racing Programs			
<u>Executive</u> : Retains current year funding for horse racing line items – purses, purse supplements, and breeders' awards – totaling \$3.8 million from the Agriculture Equine Industry Development Fund (AEIDF).	Gross	\$3,794,200	\$0
	Restricted	3,794,200	0
	GF/GP	\$0	\$0
<u>House</u> and <u>Senate</u> both retains AEIDF appropriations at current levels, but shift \$1.4 million in AEIDF spending authority from thoroughbred and light horse racing line items that are no longer used to line items that support standardbred racing purses, purse supplements, and breeders' awards. This shift between line items nets to \$0.			
<u>House</u> and <u>Senate</u> treatment would bring FY 2023-24 AEIDF support for standardbred racing programs to \$3.4 million, \$600,000 less than FY 2021-22 when \$4.0 million was expended on standardbred racing programs. In FY 2021-22 expenditures for standardbred programs included \$2.3 million in GF/GP revenue from a boilerplate appropriation.			
[<u>House</u> and <u>Senate</u> mirror <u>Executive</u> budget revision 2024-1 (State Budget Office letter dated April 18, 2023), as well as a State Budget Office legislative transfer request for FY 2022-23.]			
8a. County Fairs – Capital Grants			
<u>Executive</u> recommends current year funding of \$500,000 GF/GP for program of capital grants to county fairs. <u>House</u> recommends \$1.5 million in total, a \$1.0 million increase, using restricted AEIDF funding. <u>Senate</u> concurs with <u>Executive</u> and retains current year funding levels.	Gross	\$500,000	\$0
	Restricted	0	0
	GF/GP	\$500,000	\$0
8b. County Fairs – Premiums			
<u>House</u> includes \$1.6 million from the AEIDF to restore funding for county fair premiums. Premiums represent cash prizes paid to persons winning or placing in certain designated competitions at qualified fairs and expositions. Contests may include judged exhibitions of livestock, horses, companion animals, agricultural products, culinary arts, education projects, demonstrations of proficiency at agricultural skills, artwork, antiques, and tractor pulling. <u>Senate</u> does not include.	Gross	\$0	\$0
	Restricted	0	0
	GF/GP	\$0	\$0
8c. Equine Veterinary Research Grants			
<u>House</u> includes \$1.0 million from the AEIDF for a program of grants to Michigan colleges of veterinary medicine for research in equine health and disease prevention and response. <u>Senate</u> does not include.	Gross	\$0	\$0
	Restricted	0	0
	GF/GP	\$0	\$0

		FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 Senate Change
<u>Major Budget Changes from FY 2022-23 YTD Appropriations</u>			
9. Food and Agriculture Supply Chain Investment	Gross	\$0	\$0
<u>Executive</u> requests \$37.5 million GF/GP (one-time) to address issues related to agriculture and food industry supply chain, including accessibility of cold storage, distribution and processing facilities, and implementation of advanced technologies. Related boilerplate would authorize 1.0 limited-term FTE position to administer the program. <u>House</u> includes \$2.0 million GF/GP for this new and one-time program. <u>Senate</u> does not include.	GF/GP	\$0	\$0
10. MI Climate Smart Farming	Gross	\$0	\$0
<u>Executive</u> requests \$10.0 million GF/GP (one-time) to assist Michigan farmers in implementing regenerative agriculture practices to reduce soil disturbance, maximize crop diversity, sequester carbon, and reduce sediment and nutrient runoff. Related boilerplate would authorize 4.0 limited-term FTE positions. <u>House</u> does not include. <u>Senate</u> does not include.	GF/GP	\$0	\$0
11. Northern Michigan Herd Protection and Management	Gross	\$0	\$100
<u>Executive</u> requests \$5.0 million GF/GP (one-time) for practices that separate livestock from wildlife in order to protect livestock from Bovine Tuberculosis; targeted for counties in the Modified Accredited Zone (Alcona, Alpena, Montmorency, Oscoda) as well as adjacent Presque Isle County. Project supports efforts to maintain Michigan's "split state" status with the U. S. Department of Agriculture. <u>House</u> includes a \$100 placeholder from restricted funds. <u>Senate</u> includes \$100 GF/GP placeholder.	Restricted	0	0
	GF/GP	\$0	\$100
12. Carbon Action Fund	Gross	\$0	\$100
<u>Senate</u> includes \$100 GF/GP placeholder.	GF/GP	\$0	\$100
13. Minority-Owned Food and Agriculture Ventures	Gross	\$0	\$1,400,000
<u>Senate</u> includes \$1.4 million for new program defined in boilerplate section 902.	GF/GP	\$0	\$1,400,000
14. Rural Venture Capital Program	Gross	\$0	\$100
<u>Senate</u> includes \$100 GF/GP placeholder.	GF/GP	\$0	\$100
15. Small Producer Supply Chain and Market Access	Gross	\$0	\$4,000,000
<u>Senate</u> includes \$4.0 million for new program defined in boilerplate section 903.	GF/GP	\$0	\$4,000,000
16. Washtenaw Conservation District – MiFarmLink Pilot Project	Gross	\$0	\$1,400,000
<u>Senate</u> includes \$100,000 for project defined in boilerplate section 905.	GF/GP	\$0	\$1,400,000
17. Back Out FY 2022-23 One-Time GF/GP	Gross	\$56,000,000	(\$56,000,000)
<u>Executive</u> removes FY 2022-23 one-time funding items totaling \$56.0 million GF/GP: Animal Welfare and Veterinary Care, \$2.0 million; Economic Development for Food and Agriculture, \$50.0 million; Office of Rural Development grants, \$3.0 million; Buy Michigan Campaign, \$1.0 million. <u>House</u> and <u>Senate</u> concur with Executive.	GF/GP	\$56,000,000	(\$56,000,000)
18. Economic Adjustments	Gross	NA	(\$232,500)
<u>Executive</u> budget reflects net decrease in estimated costs of \$232,500	IDGS	NA	300
Gross (\$175,100 GF/GP) for negotiated salary and wage increases	Federal	NA	(10,500)
(2.0% on October 1, 2023), actuarially required retirement contributions,	Restricted	NA	(47,200)
worker's compensation, building occupancy charges, rent, and other	GF/GP	NA	(\$175,100)
economic adjustments. <u>House</u> and <u>Senate</u> concur with Executive.			

Major Boilerplate Changes from FY 2022-23

Sec. 214. Annual Legacy Costs – DELETED

Identifies estimated department "legacy costs" for the fiscal year ending September 30, 2023 of \$11.6 million, of which pension related costs were \$7.0 million and retiree health care costs \$4.5 million. Executive deletes. House and Senate concur with Executive and delete.

Sec. 218. State Administrative Board Transfers – DELETED

Provides for the legislature to intertransfer funds within this departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget. Executive deletes. House and Senate concur with Executive and delete.

Sec. 222. Restrictions on COVID-19 Passports – DELETED

Restricts use of COVID-19 "passports" to document vaccination status. Executive deletes. House and Senate concur with Executive and delete.

Sec. 224. Remote Work Policy – RETAINED

Legislative intent language: "that departments maximize the efficiency of the state workforce and, where possible, prioritize in-person work", and that executive branch agencies "post its in-person, remote, or hybrid work policy on its website." Executive deletes. House and Senate retain.

Sec. 225. Access to State and Local Services – NOT INCLUDED

Executive includes new language that prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion, to restrict or impede community access to government programs, or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers. House includes modified language. Senate does not include.

Sec. 241. Incident Management Notification – RETAINED

Requires the department to notify legislators when incident management team is activated. Executive deletes. House deletes. Senate retains.

Sec. 242. Use of GF/GP – NEW

Senate includes new section that requires the department to use GF/GP only after expenditure of federal or private grant funding, if available.

Sec. 301. Miscellaneous Fees, Use of Fee Revenue, Fee Reports – REVISED

Executive retains section that authorizes department to establish a fee schedule and collect fees for various work activities and services, and authorizes the department to receive and expend fee revenue, subject to appropriation, for the purpose of recovering expenses related to specific work activities and services. However, Executive deletes Subsection 5 that asks the department to work with vendors supplying testing of certain certified/registered pesticide applicators to ensure adequate testing capacity, access to testing sites, and reasonable costs. House retains subsection (5). Senate concurs with Executive and deletes subsection (5).

Sec. 303. Emerging Contaminates – NEW

Executive includes new section defining the emerging contaminants program established in part 1; directs the department to support efforts to identify and respond to emerging contaminants, including PFAS, to the food and agriculture sector. House concurs with Executive. [House includes funding in the one-time appropriation unit.] Senate includes this language as both sections 303 and 901.

Sec. 451. Bovine TB Whole Herd Testing Costs – RETAINED

Executive retains section that requires the department to pay for all whole herd and individual animal testing costs in the modified accredited zone, and buffer zone, as referenced in the Memorandum of Understanding with the USDA, to maintain split-state status requirements. House and Senate concur with Executive and retain.

Sec. 454. Bovine Tuberculosis (TB) Program – RETAINED

Executive retains section that directs the department to collaborate with the USDA to monitor Bovine TB consistent with the current Memoranda of Understanding between the Department and the USDA. House and Senate concur with Executive and retain.

Sec. 455. Cervid Facility Testing Costs – RETAINED

Executive retains section that earmarks \$200,000 to reimburse privately owned cervid facilities for the costs of CWD testing. House and Senate concur with Executive and retain.

Sec. 457. Bovine TB Program Report – RETAINED

Executive retains, with minor modification, section that requires quarterly reports on Bovine TB status and department activities. House concurs with Executive. Senate retains current year language.

Major Boilerplate Changes from FY 2022-23

Sec. 458. Michigan Animal Agriculture Alliance – RETAINED

Executive and House concur with Executive and retain section that directs the department to work with representatives of animal agriculture, and state research universities, to establish an animal research grant program.

Sec. 501. Pesticide and Plant Pest Management Division (PPPM) Annual Report – RETAINED

Executive deletes PPPM reporting requirement. House and Senate retain.

Sec. 502. Pesticide Safety Program – DELETED

Executive deletes \$1.2 million earmark from PPPM line item for staffing and operational support for education and compliance assistance efforts to ensure uniform application of pesticide regulations. House retains. Senate concurs with Executive and deletes.

Sec. 601. Environmental Stewardship/MAEAP – RETAINED

Executive retains, with minor technical changes, section that directs that the *Environmental stewardship/MAEAP* line item be used to support department agriculture pollution prevention programs, including groundwater and freshwater protection programs under Part 87 of the Michigan Natural Resources and Environmental Protection Act, and technical assistance in implementing conservation grants available under the Federal Farm Bill. House and Senate concur with Executive and retain.

Sec. 602. Environmental Stewardship Division Annual Report – RETAINED

Executive deletes section that requires the department to report on the previous calendar year's activities of the Environmental Stewardship Division. House and Senate retain.

Sec. 603. Agricultural Nutrient Best Management Voluntary Practices Program – RETAINED

Executive deletes reporting requirement related to prior-year work project related to water quality improvement in the western Lake Erie basin. House and Senate retain.

Sec. 604. Appropriation of Additional Federal Revenues – RETAINED

Executive retains, with minor technical changes, section that authorizes the department to receive and expend up to \$1.0 million in additional federal revenues beyond the amounts appropriated under part 1, Section 107 for environmental stewardship and MAEAP activities; requires the department to notify the legislature prior to expending the additional federal revenue received and authorized under this section. House and Senate concur with Executive and retain.

Sec. 610. Farmland/Opens Space Tax Credit Processing – RETAINED

Executive deletes section that requires the department to coordinate with the Michigan Department of Treasury to improve timely processing of tax credits under farmland and open space preservation programs. House concurs with Executive and deletes. Senate retains.

Sec. 611. Soil Health and Regenerative Agriculture – NEW

Senate includes new section that defines the part 1 appropriation.

Sec. 651. Laboratory Division Annual Report – RETAINED

Executive deletes section that requires the department to report on the previous calendar year's activities of the Laboratory Division. House and Senate retain.

Sec. 652. Prohibition on use of Fund to Consolidate State-Run Laboratories – NEW

Senate includes new section that prohibits the use of funds from part 1 for the purpose of consolidating state-run laboratories.

Sec. 701. Food and Agriculture Investment Grant Program – REVISED

Executive revises language that defines and guides the grant program. House includes additional revised language, including direction that: "in awarding grants under the program the department shall identify and encourage applications from, beginning, socially disadvantaged, women, and veteran farmers and ranchers." Senate includes with modified language.

Sec. 702. Rural Development Fund – DELETED

Executive deletes section that requires the department to work with the Rural Development Fund board to establish a process and criteria for funding projects as well as establishing metrics and measurable outcomes for the program, in accordance with provisions of the Rural Development Fund Act, 2012 PA 411. House and Senate concur with Executive and delete.

Major Boilerplate Changes from FY 2022-23

Sec. 702a. Office of Rural Development – RETAINED

Executive deletes section that directs the Office of Rural Development to encourage and enable appropriate community advancements and improvements, including, but not limited to, housing, infrastructure, education, workforce development, and other needs uniquely present in rural areas of this state that will assist in expansion of rural agriculture development. House and Senate retains.

Sec. 703. Double Up Food Bucks Program – RETAINED

Executive retains current section, with minor modifications. House and Senate concur with Executive and retain.

Sec. 706. Agriculture Development Division Annual Report – RETAINED

Executive deletes current annual report requirement on activities of the Agriculture Development Division. Current report provides specific information on agriculture development grant awards and specific information on the activities of the Michigan Craft Beverage Council. House and Senate retain.

Sec. 801. Agriculture Equine Industry Development Fund (AEIDF) – RETAINED

Executive retains section that requires that all appropriations from the AEIDF be spent on equine-related purposes; prohibits use for non-equine purposes without prior legislative approval. House and Senate retain.

Sec. 802. Agriculture Equine Industry Development Fund Reductions – REVISED

Executive modifies section that established AEIDF revenue spending priorities. House deletes. Senate concurs with Executive and includes modified language.

Sec. 805. County Fair Capital Grant Program – REVISED

Executive modifies section that provides guidance for county fair capital grant program, including matching requirements. House retains current language. Senate concurs with Executive and includes modified language.

Sec. 900. (Executive) Northern Michigan Herd Protection and Management Program – NOT INCLUDED

Executive includes language to define a proposed one-time \$5.0 million GF/GP program as a work project. House and Senate do not include.

Sec. 901. (Executive) MI Climate Smart Farming – NOT INCLUDED

Executive includes language to define a proposed new one-time \$10.0 million GF/GP appropriation as a work project, and to define the project purpose as to "promote the usage and implementation of regenerative agricultural practices." House and Senate do not include.

Sec. 902. (Executive) Food and Agriculture Supply Chain Investment – NOT INCLUDED

Executive includes new language related to proposed new program, including increase in staffing by 1.0 FTE position (limited term) to administer the program. House and Senate do not include.

Sec. 900. (Senate) Local Conservation Districts – NEW

Senate includes new section that indicates that the one-time appropriation for local conservation districts be used to assist local conservation districts sign up of farm bill funding under the federal Inflation Reduction Act.

Sec. 902. (Senate) Minority Owned Food and Agriculture Ventures – NEW

Senate includes language to define the proposed minority owned food and agriculture ventures grant program established in part 1.

Sec. 903. (Senate) Small Producer Supply Chain – NEW

Senate includes language to define the proposed small producer supply change grant program established in part 1.

Sec. 904. (Senate) Soil Health and Regenerative Agriculture – NEW

Senate includes language to define the proposed new program established in part 1.

Sec. 905. (Senate) Washtenaw County Local Conservation District – NEW

Senate includes language earmarking one-time appropriation for the Washtenaw Conservation District for a 2-year MiFarmLink pilot project to connect new farmers with opportunities to gain access to land in order to start farming.