

AGRICULTURE
Summary: Senate Bill 237
Conference Report CR-1 *

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	FY 2008-09 YTD	FY 2009-10 Executive	FY 2009-10 Senate	FY 2009-10 House	FY 2009-10 Conference	Difference: Conference	
						From FY 2008-09 YTD Amount	%
IDG/IDT	\$9,539,200	\$435,700	\$1,362,300	\$685,700	\$1,282,400	(\$8,256,800)	(86.5%)
Federal	17,366,900	14,231,100	14,231,100	15,531,100	15,531,100	(1,835,800)	(10.6%)
Local	0	0	0	0	0	0	
Private	237,200	243,200	243,200	243,200	243,200	6,000	2.5%
Restricted	43,219,952	34,602,800	40,002,800	39,972,900	36,985,300	(6,234,652)	(14.4%)
GF/GP	28,546,100	33,987,100	30,588,400	30,477,000	30,588,400	2,042,300	7.2%
Gross	\$98,909,352	\$83,499,900	\$86,427,800	\$86,909,900	\$84,630,400	(\$14,278,952)	(14.4%)
FTEs	600.5	597.5	595.5	597.5	593.5	(7.0)	(1.2)

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through September 1, 2009.

Overview

The Department of Agriculture promotes Michigan agricultural products and 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 in food, standard weights/measures, animal health, plant pests, and diseases.

Budget Summary

The Executive budget for FY 2009-10 proposed the elimination or reduction in several revenue sources, the most significant of these changes are: elimination of \$9.2 million in State Services Fee Fund (SSFF) revenue; elimination of Upper Peninsula State Fair revenue; recognition of reductions in Agriculture Equine Industry Development Fund (AEIDF) revenue; continuing reductions in federal support for Emerald Ash Borer program; elimination of \$8.9 million IDG from the Department of Community Health for Local Health Department food service inspection programs; and \$700,000 in proposed dairy inspection fees to offset \$700,000 GF/GP reduction in Food and Dairy programs.

The Conference Report is \$1.1 million (Gross) higher than the Executive, but is \$3.4 million less in General Fund (GF/GP) support.

The Conference Report follows the Executive recommendation with regard to elimination of Upper Peninsula State Fair revenue, recognition of reductions in estimated AEIDF revenue, continuing reductions in federal support for Emerald Ash Borer program, and elimination of \$8.9 million IDG from the Department of Community Health for Local Health Department food service inspection programs.

The Conference Report includes \$3.2 million in SSFF revenue, both in department operating lines and in support for county fair programs and for the Office of Racing Commissioner. The Conference Report includes \$7.7 million in appropriations from the AEIDF, including \$6.1 million in direct support for horse racing industry lines.

The Conference Report also recognizes an additional \$1.3 million in federal USDA specialty crop grants in Agriculture Development, and \$110,000 in proposed Migrant labor housing inspection fees in Environmental Stewardship.

The Conference Report added \$273,000 more in GF/GP funding in the Food and Safety Quality Assurance line as compared to the Executive recommendation; GF/GP funding in the line is \$271,700 less than the current year. The Executive had proposed an additional \$700,000 in increased dairy inspection fees; the Conference Report recognizes \$100,000 related to additional dairy inspection fees.

The Conference Report recognizes \$300,000 in Interdepartmental Grant (IDG) funding from the Michigan Department of Energy and Economic Growth (DELEG) in Agriculture Development. The Conference Report would eliminate GF/GP support for the Michigan Agricultural Surplus System (MASS) and replace funding, in part with SSFF revenue and in part with IDGs from the Department of Human Services and the Department of Community Health.

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-09 YTD</u>	<u>Conference Change From YTD</u>	
1. Commissions and Boards		Gross	\$32,800	(\$9,000)
Appropriates \$23,800; eliminates use of Upper Peninsula State Fair revenue as a fund source.	Restricted	17,800	(9,000)	
	GF/GP	\$15,000	\$0	
2. Unclassified Positions		FTEs	6.0	(4.0)
Appropriates \$213,300 – \$140,700 less than the Executive recommendation; eliminates SSFF funding. Funding effectively supports two positions; department director and special projects coordinator.	Gross	\$319,000	(\$105,700)	
	Restricted	160,500	(160,500)	
	GF/GP	\$158,500	\$54,800	
3. Executive Direction		FTEs	10.0	0.0
Appropriates \$973,800; replaces SSFF revenue with GF/GP.	Gross	\$922,600	\$51,200	
	Restricted	108,000	(71,500)	
	GF/GP	\$814,600	\$122,700	
4. Management Services		FTEs	24.0	0.0
Appropriates \$1,840,900; replaces SSFF revenue with GF/GP.	Gross	\$1,575,800	\$265,100	
	Restricted	136,500	(15,500)	
	GF/GP	\$1,439,300	\$280,600	
5. Agricultural Statistics		FTEs	1.0	0.0
Appropriates \$145,000; the Senate had eliminated GF/GP funding.	Gross	\$143,700	\$1,300	
	Restricted	78,400	1,300	
	GF/GP	\$65,300	\$0	
6. Emergency Management		FTEs	2.5	0.0
Appropriates \$747,100; retains \$500,000 federal grant (new in current year) and 4.0 related FTE positions; replaces SSFF revenue with GF/GP.	Gross	\$743,300	\$3,800	
	Federal	500,000	0	
	Restricted	243,300	(243,300)	
	GF/GP	\$0	\$237,100	
7. Internal Audit Services		Gross	\$216,200	(\$216,200)
Internal audit functions were transferred to the Department of Management and Budget/State Budget Office in 2009. The Executive budget anticipated transfer of funding to the DMB budget in FY 2009-10.	GF/GP	\$216,200	(\$216,200)	
8. Departmentwide –Rent and Building Occupancy		Gross	\$718,300	(\$297,200)
Executive Order 2008-21 reduced current year GF/GP funding by \$240,000; Executive Order 2009-22 eliminated all GF/GP funding in the line. The Conference Report appropriations \$421,200 – \$439,200 less than the Executive – and includes \$53,400 SSFF revenue with no support from the AEIDF.	Federal	185,400	(32,000)	
	Restricted	532,900	(265,200)	
	GF/GP	\$0	\$0	
Baseline reductions in this line are absorbed by other department program areas – actual building occupancy costs total \$1.38 million.				
9. Food and Dairy –Food Safety and Quality Assurance		FTEs	115.0	0.0
Appropriates \$12,539,700; reflects anticipated additional federal grant revenue. Executive had proposed to offset a \$700,000 reduction in GF/GP support with milk inspection fee revenue generated from a proposed alternative inspection fee.	Gross	\$12,748,000	(\$208,300)	
	Federal	557,400	(86,900)	
	Restricted	2,988,800	150,300	
	GF/GP	\$9,201,800	(\$271,700)	

Of the \$700,000 in increased dairy inspection fees proposed by the Executive, the Conference Report recognizes \$100,000. The Conference Report is \$273,000 more in GF/GP support than the Executive recommendation, \$271,700 less GF/GP than the current year.

Line item represents the largest share of GF/GP funding in this budget.

Major Budget Changes From FY 2008-09 YTD Appropriations	FY 2008-09 YTD	Conference Change From YTD	
10. Food and Dairy – Local Public Health Program	Gross	\$8,878,700	(\$8,878,700)
Eliminates the line item and related IDG funding, which are simply placeholders used to recognize the Department's oversight role in local public health department food service inspection program. Elimination of the line will not affect the Department's oversight role or local public health agencies' food service inspection programs which are funded in the Department of Community Health budget.	IDG	8,878,700	(8,878,700)
11. Animal Industry –Animal Health and Disease Response	FTEs	21.5	0.0
Appropriates \$2,290,800 – \$491,400 less than the current year.	Gross	\$2,782,200	(\$491,400)
Appropriation eliminates AEIDF funding, recognizes \$75,000 in cervid fee revenue, and \$138,000 animal welfare fund revenue.	Federal	865,100	(395,000)
	Restricted	240,100	80,900
	GF/GP	\$1,677,000	(\$177,300)
11a. Bovine Tuberculosis (Animal Industry)	FTEs	48.5	0.0
Allocated the second largest GF/GP total within this budget. Offsets reductions in AEIDF and SSFF support with increased GF/GP.	Gross	\$7,380,200	(\$41,900)
Note that the Conference Report does not adopt the Executive proposal to roll-up <i>Animal Health and Welfare</i> and <i>Bovine Tuberculosis</i> into a single <i>Animal Health and Disease Response</i> line item. Total GF/GP support in the two line items within the Animal Industry appropriations unit is \$648,000 less than the Executive recommendation.	Federal	900,000	(118,900)
	Restricted	2,120,600	(2,120,600)
	GF/GP	\$4,359,600	\$2,197,600
12. Pesticide and Plant Pest Management – PPPM	FTEs	110.0	0.0
Appropriates \$11,929,300; recognizes anticipated increase in federal grant revenue, adds IDG from MDELEG. The Conference Report is \$336,000 less in GF/GP support than the Executive recommendation, \$146,900 less GF/GP than the current year.	Gross	\$11,923,000	\$6,300
	Federal	2,447,700	101,900
	Private	148,000	4,600
	Restricted	5,165,100	46,700
	GF/GP	\$4,162,200	(\$146,900)
13. Emerald Ash Borer Program	FTEs	24.5	0.0
Appropriation of \$3.0 million reflects continuing reduction in federal support for this program; appropriation had been as much as \$25.0 million in FYs 2003-04 and 2004-05.	Gross	\$5,191,400	(\$2,157,200)
	Federal	5,191,400	(2,157,200)
14. Environmental Stewardship	FTEs	27.0	0.0
Appropriates \$2,582,500. Includes and MDEQ IDG for MAEAP program which had not been included in the Executive recommendation because funding source is not supported. Includes \$110,000 migrant labor housing inspection fees. GF/GP support is \$74,400 less than the current year; \$224,100 less than the Executive recommendation.	Gross	\$2,606,500	(\$24,000)
	IDG	268,600	176,800
	Federal	276,500	(237,000)
	Restricted	49,800	110,600
	GF/GP	\$2,011,600	(\$74,400)
15. Groundwater/Freshwater Protection Program	FTEs	15.0	0.0
Appropriates \$5,255,100; reduces federal funding to reflect actual anticipated revenue. Restricted revenue from Freshwater protection fund.	Gross	\$5,472,500	(\$217,400)
	Federal	467,800	(252,300)
	Restricted	5,004,700	34,900
16. Technical Assistance Match	Gross	\$252,600	(\$252,600)
Line item supports technicians, working out of local conservation districts, who assist farmers and landowners in completing federally-funded Natural Resources Conservation Service contracts. Not included in Conference Report (rolled into Local conservation districts).	GF/GP	\$252,600	(\$252,600)
17. Local Conservation Districts	Gross	\$756,800	(\$519,900)
Reduces state support to \$236,900 GF/GP and adds related boilerplate Section 604.	GF/GP	\$756,800	(\$519,900)
18. Aquifer Protection Program	Gross	\$50,000	(\$50,000)
Eliminates IDG grant funding from the Department of Environmental Quality.	IDG	50,000	(50,000)

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Conference Change From YTD	
19. Water Withdrawal Assessment Program		Gross	\$130,000	(\$130,000)
Eliminates this line item that was new in the current year budget.		GF/GP	\$130,000	(\$130,000)
20. Laboratory Services		FTEs	63.0	0.0
Appropriates \$5,893,100; replaces \$519,700 SSFF revenue with AEIDF.		Gross	\$6,218,800	(\$325,700)
GF/GP support is \$379,900 less than the current year; \$527,000 less than the Executive recommendation.		IDG	189,100	0
		Federal	916,200	0
		Restricted	2,276,400	54,200
		GF/GP	\$2,837,100	(\$379,900)
21. Consumer Protection Program		FTEs	51.0	0.0
Supports motor fuel quality, weights and measures, and metrology laboratory. Restricted revenue from Gasoline inspection and testing fees, Refined petroleum fund, and Weights and measures regulatory fees. Increase reflects economic adjustments.		Gross	\$5,135,200	\$102,200
		Restricted	5,134,800	102,100
		GF/GP	\$400	\$100
22. Agriculture Development		FTEs	6.0	0.0
Appropriates \$2,477,000; eliminates \$350,700 in SSFF revenue. Recognizes new \$1.3 million federal specialty crop block grant, as well as \$300,000 IDG from the DELEG.		Gross	\$1,072,000	\$1,405,000
		IDG	0	300,000
		Private	10,800	100
		Federal	275,200	1,304,100
		Restricted	606,400	(346,900)
		GF/GP	\$179,600	\$147,700
GF/GP support is \$147,700 more than current year; \$210,990 less than the Executive recommendation.				
23. Michigan Agricultural Surplus System (Food Bank)		Gross	\$630,500	(\$90,400)
Eliminates GF/GP funding and partially replaces with SSFF revenue. Retains \$150,000 IDG from the Department of Human Services and includes new \$120,100 IDG from the Department of Community Health.		IDG	150,000	120,100
		Restricted	0	270,000
		GF/GP	\$480,500	(\$480,500)
24. Upper Peninsula State Fair		FTEs	6.0	(6.0)
Executive Order 2009-4 would abolish the Upper Peninsula State Fair as a Type II agency within the department; the Conference concurs with the Executive and eliminates the state appropriation.		Gross	\$1,372,600	(\$1,372,600)
		Restricted	1,372,600	(1,372,600)
25. Horse Racing and Producer Security		FTEs	9.5	0.0
Appropriates \$1,168,900. The Conference Report replaces \$1.0 million in SSFF revenue in this line with funding including \$683,300 from the AEIDF and \$301,000 in GF/GP.		Gross	\$1,154,600	\$14,300
		Restricted	1,154,600	(286,700)
		GF/GP	\$0	\$301,000
26. Premiums – County and State Fairs		Gross	\$147,200	\$200,600
Retains support for fair awards and premiums – funded entirely from State Services Fee Fund revenue.		Restricted	147,200	200,600
27. Building and Track Improvements		Gross	\$0	\$129,000
Adds support for this line – funded entirely from State Services Fee Fund revenue.		Restricted	0	129,000
28. Horse Industry Programs		Gross	\$7,566,700	(\$1,417,700)
Appropriates \$6.1 million in AEIDF revenue for horse racing programs. The Executive had recommended only \$3.1 million for these programs.		Restricted	7,566,700	(1,417,700)
		<u>FY 09</u>	<u>FY 10 Conf.</u>	
Purses & supplements-fairs/licensed tracks	1,370,000	1,434,300		
Licensed tracks - light horse racing	117,000	79,900		
Standardbred (SB) breeders' awards	969,000	586,400		
SB purses/supplements-licensed tracks	1,789,300	1,083,000		
SB sire stakes	810,000	490,100		
Thoroughbred sire stakes	830,000	502,300		
SB training and stabling	36,000	21,800		
Thoroughbred program	821,400	1,452,500		
Thoroughbred owners' awards	124,000	75,100		
Distribution of outstanding winning tickets	700,000	423,600		
Total	\$7,566,700	\$6,149,000		

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-09 YTD</u>	<u>Conference Change From YTD</u>
29. Office of Racing Commissioner	FTEs	30.0	0.0
The Conference Report funds this line with \$2.4 million in SSSF revenue and \$100,000 from the AEIDF. The Executive had recommended funding this line with AEIDF.	Gross	\$2,668,752	(\$93,600)
	Restricted	2,668,752	(93,600)
30. Information Technology	Gross	\$1,435,700	\$104,600
Economic increases of \$38,800; eliminates Upper Peninsula State Fair revenue as fund source (\$900); recognizes costs of Microsoft upgrades, \$86,200; and One-stop permit portal, \$74,900. Replaces \$1,063,500 SSSF revenue, in part, with GF/GP. GF/GOP funding is \$178,600 less than the Executive Recommendation.	IDG	2,800	0
	Restricted	1,296,700	(887,200)
	GF/GP	\$136,200	\$991,800
The department identified actual FY 2008-09 information technology costs provided by the Department of Information Technology to be \$3.4 million. Costs not supported in the Information Technology line item are absorbed by other department program areas.			
31. Capital Outlay—Farmland/Open Space Development Acquisition	Gross	\$3,750,000	\$0
Retains current year funding and funds sources. State restricted funds in line are from Agriculture Preservation Fund.	Federal	1,250,000	0
	Restricted	2,500,000	0
32. Economics	Gross	N/A	\$1,418,400
The State Budget Office had included in the Executive proposed budget \$1.4 million (net) for economic increases: \$1,470,800 for employee economics; \$38,800 for information technology; and a \$91,200 reduction in building occupancy charges.	IDG	N/A	1,300
	Federal	N/A	166,700
	Private	N/A	6,000
	Restricted	N/A	492,700
	GF/GP	N/A	\$751,700

Major Boilerplate Changes From FY 2008-09

Sec. 201. Total State Payments/Payments to Local Units – MODIFIED

Identifies total state spending; payments of state funds to local units of government from the funds appropriated. Updated to reflect Part 1 appropriations.

Sec. 202. Management and Budget Act – RETAINED

Subjects authorized appropriations to the Management and Budget Act.

Sec. 203. Abbreviations – MODIFIED

Defines abbreviations; includes MDHS, MDELEG

Sec. 204. Civil Service Charge – MODIFIED

Requires Department of Civil Service to bill departments at the end of the first fiscal quarter for 1% charge authorized in the Constitution; requires payment by the end of the second fiscal quarter. Replaces "Department of Civil Service" with "Civil Service Commission."

Sec. 205. Hiring Freeze – RETAINED

Imposes a hiring freeze on state classified civil service.

Sec. 208. Internet Reporting – RETAINED

Requires Department to use the Internet to fulfill reporting requirements.

Sec. 209. Buy American – RETAINED

Prohibits purchase of foreign goods and services when competitively-priced American goods and services are available. Requires that preference be given to Michigan businesses and Michigan businesses owned and operated by veterans.

Sec. 210. Deprived/Depressed Communities – RETAINED

Requires director to take reasonable steps to ensure businesses in depressed communities compete for/perform contracts to provide services and supplies, and to encourage contractors to subcontract with such businesses.

Major Boilerplate Changes From FY 2008-09

Sec. 212. *Indemnification Payments* – RETAINED

Authorizes Department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; requires report on reason for, amount of, and person to whom indemnification is to be paid. Subsection (2) authorizes Department to indemnify for livestock killed by wolves, coyotes, or cougars and to expend funds received from Department of Natural Resources for indemnification payments made pursuant to this section.

Sec. 214. *Grants Reporting* – 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. 215. *Transparency* – NEW

Requires Department to develop, post, and maintain publicly accessible internet site showing expenditures; cost of site limited to \$10,000.

Sec. 219. *Information Technology* – RETAINED

Requires Department to pay user fees to DIT subject to provisions of interagency agreement.

Sec. 220. *Information Technology Work Projects* – RETAINED

Authorizes carryforward of funds for technology projects.

Sec. 223. *Out-of-State Travel Restriction* – RETAINED

Requires a report and places limits on all out-of-state travel.

Sec. 224. *Employee Discipline* – MODIFIED

Prohibits disciplinary action against an employee for communicating with a member of the Legislature. Modified to add "truthfully and to the best of his or her knowledge."

Sec. 225. *Agriculture and Livestock Education Pavilion* – NOT INCLUDED

Related to MSU Pavilion for Agriculture and Livestock Education.

Sec. 227. *Return on Investment* – NOT INCLUDED

Return on investment report.

Sec. 228. *Contingency Appropriations* – RETAINED

Includes \$5.0 million federal, \$6.0 million state restricted, and \$100,000 each local and private.

Sec. 229. *Impact of New Legislation and Administrative Rules* – RETAINED

Requires Department to report on policy changes made to implement enacted legislation; prohibits disproportionate impact on small businesses.

Sec. 230. *Hire of Outside Legal Counsel* – RETAINED

Prohibits state departments from hiring legal services that are the responsibility of the attorney general.

Sec. 231. *Management Service* – RETAINED

Establishes baseline level of direct service Department employees – 315 direct service employees.

Sec. 232. *Implement Continuous Improvements* – RETAINED

Requires semi-annual report by Department director on continuous improvement.

Sec. 234. *Travel to Out-of-State Training* – RETAINED

Sets guidelines for out-of-state travel to conferences or training seminars.

Sec. 235. *C. S. Mott Group* – RETAINED

Allows the department to provide funds to C. S. Mott group from sustainable food systems at MSU to plan coordinate and leverage federal funds to enhance local markets.

Sec. 236. *Ag Equine Industry Development Fund* – NEW

All appropriations in part 1 from the agriculture equine industry development fund shall be spent for equine-related purposes.

Sec. 237. *GF/GP Lapse Report* – NEW

Not later than September 30, 2010, the department shall prepare and transmit a report that provides for estimates of the total general fund/general purpose appropriation lapses at the close of the fiscal year. This report shall summarize the projected year-end general fund/general purpose appropriation lapses by major departmental program or program areas. The report shall be transmitted to the office of the state budget, the chairpersons of the senate and house appropriations committees, and the senate and house fiscal agencies.

Sec. 238. *FTE Report* – NEW

Bi-monthly report on FTEs.

Major Boilerplate Changes From FY 2008-09

Sec. 302. *Miscellaneous Revenue/Expenditures* – RETAINED

Allows Department to receive/expend revenue to cover expenses related to publications, audits, sales, inspections, and other Department functions; requires legislative notification 30 days prior to proposing fee increases; requires annual report on fees charged by Department.

Sec. 304. *Motor Fuel Quality Inspector* – RETAINED

Requires Department to maintain motor fuel quality program at FY 2006-07 level of effort and requires that Department maintain additional field and laboratory staff for the motor fuel quality program.

Sec. 306. *Matching Funds for Agriculture Statistics Studies* – RETAINED

Requires industry matching funds for study costs.

Sec. 401. *Restaurant Inspection and Licensing* – RETAINED

Requires Department to monitor restaurant inspection/licensing activities conducted by locals and 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* – NOT INCLUDED

Required 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 required under Section 4117 of the Food Act of 2000.

Sec. 406. *Food Safety FTEs* – RETAINED

Exempts food and dairy inspectors from hiring freeze.

Sec. 407. *Earmark for Dairy Inspection Programs* – NEW

Directs that funds of the funds appropriated for the Food Safety and Quality Assurance, not less than \$3.1 million be expended for dairy inspection programs.

Sec. 450. *Bovine Tuberculosis* – 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, including indemnity.

Sec. 452. *Bovine TB* – RETAINED

Requires Department to apply for all available federal funds to support program.

Sec. 454. *Bovine TB* – RETAINED

Directs Department to collaborate with USDA and work to eradicate Bovine TB.

Sec. 455. *Cattle ID* – RETAINED

Directs Department to prepare a plan to provide for cattle without identification in saleyard. Not included in Executive budget; Conference retains current language.

Sec. 456. *Electronic Animal Identification* – RETAINED

Prohibits use of funds to enforce electronic ID program for domestic animals other than cattle without specific authorization in statute. Not included in Executive budget. Conference retains current language.

Sec. 457. *Bovine TB Report* – RETAINED

Requires quarterly report on Bovine TB program.

Sec. 458. *Aquaculture and Viral Hemorrhagic Septicemia (VHS) Eradication Programs* – RETAINED

Requires Department support for inspection and testing of aquaculture facilities; states legislative intent with regard to VHS surveillance program.

Sec. 459. *Bovine TB FTEs* – RETAINED

Exempts Bovine TB program from hiring freeze.

Sec. 460. *Agriculture Equine Fund Prorated Reductions* – RETAINED

Requires that department make proportionate reductions in all appropriations from the AEIDF if revenue falls.

Sec. 501. *Laboratory Services* – NOT INCLUDED

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

Major Boilerplate Changes From FY 2008-09

Sec. 551. *Fruit and Vegetables Industry Inspections* – RETAINED

States legislative intent that the Department work with fruit and vegetable industry to ensure development of a sustainable system of third-party inspections of fruits and vegetables.

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 Soil Conservation Districts* – MODIFIED

Directs that department work with local conservation districts on the most effective efficient use of funding provided in the bill; directs that funding be used to draw down federal funds.

Sec. 605. *Technical Assistance Match* – NOT INCLUDED

Appropriates \$300,000 to fund local conservation district technical assistance for contracts under Farm Bill of 2002.

Sec. 606. *Environmental Quality Incentives* – RETAINED

Requires the department to actively search for all possible funding sources to be used to match federal funds in the USDA environmental quality incentives program.

Sec. 607. *Inter-County Drain Program* – RETAINED

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

Sec. 608. *Right to Farm* – NEW

Exempts Right to Farm for budgetary reductions in FY 2009-10 budget year.

Sec. 609. *Migrant Labor Housing Inspection Fees* – NEW

Indicates legislative intent that Department work with industry to develop a migrant labor housing inspection fee, not to exceed \$5 per farm, effective no later than April 1, 2010.

Sec. 610. *Water Withdrawal* – NEW

Indicates that \$130,000 funding for water withdrawal program in Environmental Stewardship is contingent on the department inputting data received under the Section 32708(3) of the Natural Resources and Environmental Protection Act.

Sec. 702. *Food Bank* – RETAINED

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

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* – RETAINED

Requires Department to report on agricultural development and export market development activities.

Sec. 707. *Agricultural Development Fund Grants* – 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* – NOT INCLUDED

Authorizes Department to receive and expend monies from the fund.

Sec. 709. *Grape and Wine Industry Council* – RETAINED

Requires Department to provide report describing activities of the council.

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. *Michigan Strategic Fund* – RETAINED

Indicates legislative intent that MSF work with MDA to promote Michigan agriculture.

Sec. 712. *MDELEG IDG – Designation of Fund Uses* – NEW

Directs use of funds provided by IDG from DELEG; provides reporting requirement, by September 30, 2010.

Sec. 713. *Agriculture Development* – NEW

Directs that \$100,000 be used for agriculture export market development.

Sec. 801. *State Simulcasting Tax Revenue Report* – MODIFIED

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

Major Boilerplate Changes From FY 2008-09

Sec. 802. Purses and Supplements - Licensed Tracks –
Boilerplate earmark for Michigan-bred 4-year olds – \$220,000 (AEIDF).

Sec. 803. Thoroughbred Program Tracks –
Provides funds from Thoroughbred program line to Michigan United Thoroughbred Breeders and Owners Association to conduct a thoroughbred yearling show – \$23,500 (AEIDF).

Sec. 804. Thoroughbred Owners Awards –
Provides funding for thoroughbred owners' awards; references Horse Racing Law of 1995.

Sec. 805. Agriculture Equine Fund Reduction – MODIFIED
Requires that department make proportionate reductions in all appropriations from the AEIDF if revenue falls.

Sec. 806. Fairs – RETAINED
Requires fairs to publish rules and guidelines for exhibits eligible for state premiums; establishes grievance procedures.

Sec. 807. Purse Supplements –
Provides for overnight purse supplements.

Sec. 808. Livestock and Equine Exhibits – RETAINED
Allocates \$91,400 from Premiums-county and state fairs line item for grants for large livestock and equine exhibitors, including Michigan Horse Show Association's Fall Youth Show.

Sec. 809. Youth in Agriculture – RETAINED
Allocates \$40,000 from Premiums-county and state fairs line for a grant to promote youth involvement and adult exhibitions in the animal agriculture industry.

Sec. 811. Outstanding Unclaimed Tickets –
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. 812. Agriculture Equine Fund Payments – NEW
New section requires "timely payments" from AEIDF.

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 – RETAINED
Provides for "escrowing" of funds for thoroughbred program.
The enacted bill retained current language, (*updated to reflect 2008-09 fiscal year*). The Governor indicated that the section was unenforceable in that it attempted to amend other Michigan statutes by reference, a violation of Section 25, Article IV of the Constitution.

Sec. 903. Notice of Intent to File Administrative Rules – NEW
Requires Office of Racing Commissioner to inform certified horsemen's organization of intent to file administrative rules.

Sec. 904. Office of Racing Commissioner – NEW
It is the intent of the legislature that the office of racing commissioner no longer be designated as a type I agency and be administered as part of the department for budgetary savings.

CAPITAL OUTLAY –

Sec. 1001. Farmland and Open Space Development Rights – RETAINED
Indicates that the appropriation for farmland and open space development acquisition shall be used for the purchase of development rights and the awarding of grants by the agriculture preservation fund board under the natural resources and environmental protection act.

Sec. 1002. Provisions Regarding Lump Sum Payments – RETAINED
Indicates that the director shall allocate lump-sum appropriations made in this act consistent with statutory provisions and the purposes for which funds were appropriated. Limits lump sum appropriation carry forward to no more than 3 fiscal years following appropriation and provides for lapse of funds to original fund source per DMB Act.

Sec. 1003. Provisions Regarding Carry Forward Authority – RETAINED
Provides for appropriation carry-forward authority per DMB Act.