

**Summary: Conference Report
AGRICULTURE FY 2003-04
Senate Bill 288, CR-1**



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Budget Overview

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

Summary of Major Budget Issues

Major Conference Committee Changes- No funding from the Agricultural Enhancement Fund for has been included. A contingency appropriation is provided for marketing, animal health, and local grant programs if the necessary legislation passes before September 30, 2004. Federal funds were included to contain the Emerald Ash Borer.

Funding shifts and user fee increases – Restricted funds, fees, inspection fees and testing revenues are increased. The Conference Committee did not concur with the Executive recommendation to shift more than \$2.0 million in Equine Industry Development Fund revenue into department administrative and program support line items. Instead, a fund transfer to the General Fund is made.

Fund Shifts and Transfers – Restricted funding shifts replacing GF/GP funds are made. These adjustments allows the transfer of \$773,300 to the Bovine TB program.

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: House to 2002-03 YTD	
						Amount	%
IDG/IDT	\$10,960,400	\$10,857,400	10,758,600	10,758,600		(\$201,800)	(1.8)
Federal	6,851,700	6,801,700	6,801,700	14,051,700		7,200,000	(0.7)
Local	0	0	0	0		0	0.0
Private	1,127,600	1,127,600	1,127,600	1,127,600		0	0.0
Restricted	38,335,800	39,053,300	37,065,600	41,135,800		2,800,000	7.3
GF/GP	36,773,700	31,404,000	33,429,000	33,627,000		(3,146,700)	(8.6)
Gross	\$94,049,200	\$89,244,000	89,182,500	100,700,700		\$6,651,500	7.1
FTEs	635.5	569.0	563.0	563.0		(66.5)	(10.5)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>Conference Change</u>
1. Agricultural Enhancement Fund			
Agricultural Enhancement Funds are appropriated in boilerplate. This funding source, authorized by the legislation permitting the installation of video lottery terminals at Michigan's 7 race tracks, would provide revenue during FY 2003-04. To the extent that funding is available, programs, services, and projects are funded in the following priority order:	Gross	\$0	\$0
	Restricted	0	0
	GF/GP	\$0	\$0
<ul style="list-style-type: none"> • Market Development \$1,000,000 • Bovine TB..... 750,000 • Migrant Housing 600,000 • Local Conservation Districts..... 200,000 • Future Farmers of America..... 50,000 			
House: \$2,600,000			
Senate: \$0			
Executive: \$0			
2. Emerald Ash Borer Program			
Federal funding for the second year of this program is included. These funds provide funding for eradication efforts in affected areas of southeast Michigan.	Gross	\$0	\$7,250,000
	Federal	\$0	\$7,250,000
House: \$7,250,000			
Senate: \$0			
Executive: \$0			
3. Restricted Fund Shifts			
Restricted fund increases would be made in programs where similar General Fund savings could be realized. License and inspection fees would save \$100,000 in the Food/Dairy and Pesticide/Plant Pest Management programs. The Laboratory would save \$100,000 through testing and weights/measures fees. Groundwater/Freshwater Fund and Agriculture Equine Industry Development Fund increases (\$75,000) would be made in the Environmental Stewardship and Animal Industry, respectively. Building Occupancy Charges would include \$200,000 (Federal) as well, replacing reduced General Funds.	Gross	\$0	\$0
	Restricted	0	475,000
	GF/GP	\$0	(\$475,000)
Senate: (\$475,000)			
Executive: (\$475,000)			

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>Conference Change</u>
4. New Fees and Fee Increases	Gross	\$83,800,100	\$0
Executive budget recommendations include new fees and fee increases. Estimated revenue increases from these fees are:	Federal	6,639,500	0
• Nursery Stock Inspection Fees.....\$140,000	Private	1,127,600	0
• Private Pesticide Applicator Fees 130,000	Restricted	38,335,800	486,700
• Metrology Laboratory Testing Fees..... 120,000	GF/GP	\$36,773,700	(\$486,700)
• Laboratory Analysis Fees 50,000			
• Livestock Dealer/Agent Fees 40,200			
• Right to Farm Reinspection Fees (<i>NEW</i>) 25,000			
• Pet Shop Fees (<i>NEW</i>) 17,900			
• Cervid Facility Registration Fees 16,100			
• Animal Control/Protection Shelters (<i>NEW</i>) .. 5,200			
• Horse Riding Stable Licenses 5,000			

The Conference Report does not support new fees for Right to Farm, Animal Control, or Cervid Facility Registration. The level supported by Livestock Dealer/Agent Fees would be reduced by \$16,400.

House: (\$486,700)

Senate: (\$486,700)

Executive: (\$549,400)

5. Redistribution of Equine Industry Development Fund (EIDF)	Gross	\$83,800,100	\$0
The Executive budget would reduce EIDF support in equine programs and redistribute funds to Department programs. These programs include:	Federal	6,639,500	0
• Animal Industry 500,000	Private	1,127,600	0
• Laboratory Program 500,000	Restricted	38,335,800	0
• Market Development 450,000	GF/GP	\$36,773,700	\$0
• Executive Direction 325,000			
• Pesticide & Plant Pest Management 250,000			

The Conference committee did not redistribute funds to administrative units. Instead, a fund transfer to GF/GP, would be made at year end.

House: \$0

Senate: \$0

Executive: (\$2,025,000)

6. Elimination of the Regulatory Seed Program	Gross	\$452,000	(\$451,900)
The Seed Inspection & Testing Program would be eliminated. This program was established to assure that seed for sowing meets label guarantees and is weed free. This program is an "item of difference" with the Senate.	GF/GP	\$452,000	(\$451,900)
House: (\$452,000)			
Senate: (\$452,000)			
Executive: (\$452,000)			

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>Conference Change</u>
7. Reduce Fruit and Vegetable Inspections	Gross	\$1,206,000	(\$300,000)
Funding for fruit and vegetable grading and quality inspections would be reduced. Increased reliance would be placed on buyer/seller quality control and assurance efforts.	Restricted	570,000	0
House: : (\$300,000)	GF/GP	\$636,000	(\$300,000)
Senate: (\$300,000)			
Executive: (\$300,000)			
 8. Local Conservation District Grants	 Gross	 \$1,856,700	 (\$195,500)
Grants to soil conservation districts would be reduced. The Executive recommendation would reduce funds used for training, and formula grants provided in boilerplate. Each district would receive the basic \$20,000 grant. The Conference Committee reduced the amount for training grants from \$130,000 to \$81,200. This savings would be provided to Districts through the department’s distribution formula.	GF/GP	\$1,856,700	(\$195,500)
 The House added \$200,000, Agric. Enhancement Fund (see Item 1 above) bringing total funding to \$1,861,200.			
House: \$4,500			
Senate: (195,500)			
Executive: (\$195,500)			
 9. Agricultural Development Program Reduction	 Gross	 \$0	 (\$100,000)
The Conference Committee consolidated the two line items for Marketing and Agricultural Development. A \$100,000 reduction was made, reflecting administrative efficiencies possible through a reorganization of these two divisions.	GF/GP	\$0	(\$100,000)

Major Boilerplate Changes from FY 2002-03:

Sec. 211. Restricted Revenue Carryforward – DELETED

This section would prohibit the lapse of restricted fund revenue to the General Fund.

Sec. 223. Incentive for Administrative Efficiencies– NEW

Funds may be spent from General Fund lapse from FY 2002-2003 administrative efficiencies. Funds could be spent if the proposed spending plan is approved by the State Budget Director and the Legislative appropriations committees.

Sec. 224 Agricultural Enhancement Funding Priorities– NEW

Priority for revenue distribution pursuant to the appropriation is provided. Funds would be appropriated from the Agricultural Enhancement Fund if revenue is available.

Sec. 301. Commissions and Boards -- Changed by the Conference Committee

The **Executive** deleted authorization to make per diem payments to members of Department commissions and boards. The House authorized payments to department commodity committees.

Sec. 702. Food Bank-- Changed by the Conference Committee

The **Executive** removed authorization to expend unused funds for direct food purchases.

