

Act No. 157
Public Acts of 2003
Approved by the Governor*
August 7, 2003
Filed with the Secretary of State
August 8, 2003
EFFECTIVE DATE: August 8, 2003

*Item Vetoes

Sec. 109. MARKET DEVELOPMENT

Northwest Michigan horticultural research station	\$ 10,000	(Page 4)
Southwestern Michigan tourist council – taste of Michigan	15,000	(Page 4)

Sec. 212. (2)

The words: "payment for the fair market value of an apiarian loss caused by a bear and" (Page 7)

Sec. 224.

Entire Section. (Pages 7-8)

**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2003**

Introduced by Senator Johnson

ENROLLED SENATE BILL No. 288

AN ACT to make appropriations for the department of agriculture for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of agriculture for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF AGRICULTURE

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	563.0	
GROSS APPROPRIATION.....		\$ 97,175,800
Interdepartmental grant revenues:		
IDG from MDCH, local public health operations		8,878,700
IDG from MDCIS (LCC), liquor quality testing fees		164,000
IDG from MDCIS (LCC), nonretail liquor license fees		515,900
IDG from MDEQ, aquifer dispute resolution.....		100,000
IDG from MDEQ, biosolids.....		80,000
IDG from MDEQ, right to farm		105,000
IDG from MDEQ, type II well survey.....		15,000
IDG from MDNR, district forestry and wildlife program		1,000,000
Total interdepartmental grants and intradepartmental transfers		10,858,600
ADJUSTED GROSS APPROPRIATION.....		\$ 86,317,200
Federal revenues:		
DAG, multiple grants.....		11,501,000
EPA, multiple grants.....		2,280,000
HHS-FDA		270,700
Total federal revenues		14,051,700

Special revenue funds:	
Total local revenues	\$ 0
Private - oil company overcharge settlement	997,600
Private - slow-the-spread foundation.....	130,000
Total private revenues.....	1,127,600
Agricultural preservation fund	727,300
Agriculture equine industry development fund.....	12,467,000
Agriculture pollution prevention fund	100
Civil penalties.....	40,300
Commodity inspection fees	991,500
Gasoline inspection and testing fund	1,565,800
Groundwater and freshwater protection fund.....	4,756,500
Horticulture fund.....	70,000
Industry support funds.....	260,000
Licensing and inspection fees.....	5,925,500
Michigan state fair revenue.....	5,372,400
Pseudorabies and swine brucellosis fund	20,000
State services fee fund	5,437,300
Testing fees.....	357,500
Upper Peninsula state fair revenue	1,224,300
Weights and measures regulation fees.....	518,400
Total other state restricted revenues.....	39,733,900
State general fund/general purpose	\$ 31,404,000

Sec. 102. EXECUTIVE

Full-time equated unclassified positions	6.0
Full-time equated classified positions	48.5
Commission and boards	\$ 63,300
Unclassified positions—6.0 FTE positions.....	428,500
Executive direction—7.0 FTE positions	752,000
Management services—37.5 FTE positions.....	2,833,100
Statistical reporting service—4.0 FTE positions.....	326,500
GROSS APPROPRIATION.....	\$ 4,403,400

Appropriated from:

Interdepartmental grant revenues:	
IDG from MDCIS (LCC), nonretail liquor license fees	8,800
Special revenue funds:	
Gasoline inspection and testing fund	47,800
Licensing and inspection fees.....	10,000
Michigan state fair revenue	80,500
State services fee fund	160,500
Upper Peninsula state fair revenue	9,000
State general fund/general purpose	\$ 4,086,800

Sec. 103. DEPARTMENTWIDE

Rent and building occupancy charges.....	\$ 1,700,700
Employee turnover savings.....	(100,000)
Agriculture equine industry development fund reimbursement	0
GROSS APPROPRIATION.....	\$ 1,600,700
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCIS (LCC), nonretail liquor license fees	6,600
Federal revenues:	
DAG, multiple grants.....	115,000
EPA, multiple grants.....	70,000
HHS-FDA	15,000

Special revenue funds:		
Agricultural preservation fund	\$	27,300
Agriculture equine industry development fund		2,025,000
Groundwater and freshwater protection fund.....		10,900
Licensing and inspection fees.....		55,200
State services fee fund		304,600
State general fund/general purpose	\$	(1,028,900)

Sec. 104. FOOD AND DAIRY

Full-time equated classified positions		108.0
Food safety and quality assurance—108.0 FTE positions	\$	9,815,700
Local public health operations.....		8,878,700
GROSS APPROPRIATION	\$	<u>18,694,400</u>

Appropriated from:

Interdepartmental grant revenues:		
IDG from MDCH, local public health operations		8,878,700
Federal revenues:		
DAG, multiple grants.....		22,700
HHS-FDA		186,700
Special revenue funds:		
Civil penalties.....		40,300
Licensing and inspection fees.....		2,840,200
State general fund/general purpose	\$	6,725,800

Sec. 105. ANIMAL INDUSTRY

Full-time equated classified positions		50.0
Animal health and welfare—23.5 FTE positions	\$	2,054,100
Bovine tuberculosis program—26.5 FTE positions.....		4,192,500
GROSS APPROPRIATION	\$	<u>6,246,600</u>

Appropriated from:

Federal revenues:		
DAG, multiple grants.....		150,000
HHS-FDA		9,000
Special revenue funds:		
Agriculture equine industry development fund.....		50,000
Licensing and inspection fees.....		178,200
Pseudorabies and swine brucellosis fund		20,000
State general fund/general purpose	\$	5,839,400

Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT

Full-time equated classified positions		121.8
Pesticide and plant pest management—121.8 FTE positions	\$	12,107,800
Emerald ash borer control program		7,250,000
Michigan State University		210,000
GROSS APPROPRIATION	\$	<u>19,567,800</u>

Appropriated from:

Federal revenues:		
DAG, multiple grants.....		9,264,400
EPA, multiple grants.....		1,510,000
HHS-FDA		60,000
Special revenue funds:		
Private - slow-the-spread foundation.....		130,000
Commodity inspection fees		991,500
Horticulture fund.....		70,000
Licensing and inspection fees.....		2,779,800
State general fund/general purpose	\$	4,762,100

Sec. 107. ENVIRONMENTAL STEWARDSHIP

Full-time equated classified positions		47.0
Environmental stewardship—32.7 FTE positions.....	\$	2,740,200

	For Fiscal Year Ending Sept. 30, 2004
Groundwater and freshwater protection program—8.3 FTE positions	\$ 4,924,000
Farmland and open space preservation—6.0 FTE positions.....	699,800
Cooperative resources management initiative program	1,000,000
Agriculture pollution prevention program.....	100
Energy conservation program	138,000
Local conservation districts.....	1,661,200
Migrant labor housing.....	255,000
GROSS APPROPRIATION.....	\$ 11,418,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDEQ, aquifer dispute resolution.....	100,000
IDG from MDEQ, biosolids.....	80,000
IDG from MDEQ, right to farm	105,000
IDG from MDEQ, type II well survey	15,000
IDG from MDNR, district forestry and wildlife program	1,000,000
Federal revenues:	
EPA, multiple grants.....	400,000
Special revenue funds:	
Private - oil company overcharge settlement	193,900
Agricultural preservation fund	699,800
Agriculture pollution prevention fund	100
Groundwater and freshwater protection fund.....	4,745,500
State general fund/general purpose	\$ 4,079,000

Sec. 108. LABORATORY PROGRAM

Full-time equated classified positions.....	115.0
Laboratory analysis program—61.5 FTE positions	\$ 5,012,100
USDA monitoring—18.0 FTE positions.....	1,828,500
Consumer protection program—35.5 FTE positions	3,046,500
GROSS APPROPRIATION.....	\$ 9,887,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCIS (LCC), liquor quality testing fees	161,500
Federal revenues:	
DAG, multiple grants.....	1,848,900
EPA, multiple grants.....	300,000
Special revenue funds:	
Private - oil company overcharge settlement	803,700
Agriculture equine industry development fund.....	443,900
Gasoline inspection and testing fund	1,491,800
Testing fees.....	357,500
Weights and measures regulation fees.....	518,400
State general fund/general purpose	\$ 3,961,400

Sec. 109. MARKET DEVELOPMENT

Full-time equated classified positions.....	20.0
Agriculture development, marketing and emergency management—20.0 FTE positions	\$ 2,441,700
Export market development program.....	100,000
Food bank	630,500
Northwest Michigan horticultural research station	10,000
Southwestern Michigan tourist council - taste of Michigan.....	15,000
Future farmers of America.....	60,000
GROSS APPROPRIATION.....	\$ 3,257,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCIS (LCC), nonretail liquor license fees	500,000
Federal revenues:	
DAG, multiple grants.....	100,000
Special revenue funds:	
Industry support funds.....	260,000

For Fiscal Year
Ending Sept. 30,
2004

Licensing and inspection fees.....	\$	62,100
State services fee fund		573,300
State general fund/general purpose	\$	1,761,800

Sec. 110. FAIRS AND EXPOSITIONS

Full-time equated classified positions.....	21.0	
Michigan state fair operations—9.0 FTE positions.....	\$	5,110,200
Upper Peninsula state fair—7.0 FTE positions.....		1,214,400
Fairs and racing—5.0 FTE positions.....		612,500
Building and track improvement - county and state fairs		963,200
Premiums - county and state fairs		1,614,000
Purses and supplements - fairs/licensed tracks		2,137,900
Standardbred Fedele Fauri futurity.....		70,800
Standardbred Michigan futurity		70,800
Quarterhorse programs		34,800
Licensed tracks - light horse racing.....		67,300
Standardbred breeders' awards.....		1,082,300
Standardbred purses and supplements - licensed tracks		242,400
Standardbred sire stakes		906,800
Thoroughbred sire stakes		906,800
Standardbred training and stabling		38,300
Thoroughbred program		1,586,900
Thoroughbred owners' awards.....		136,500
Distribution of outstanding winning tickets		500,000
GROSS APPROPRIATION.....	\$	<u>17,295,900</u>

Appropriated from:

Special revenue funds:

Agriculture equine industry development fund.....		7,781,600
Michigan state fair revenue.....		5,203,100
State services fee fund		3,096,800
Upper Peninsula state fair revenue		1,214,400
State general fund/general purpose	\$	0

Sec. 111. OFFICE OF RACING COMMISSIONER

Full-time equated classified positions.....	31.7	
Office of racing commissioner—31.7 FTE positions.....	\$	<u>3,342,500</u>
GROSS APPROPRIATION.....	\$	3,342,500

Appropriated from:

Special revenue funds:

Agriculture equine industry development fund.....		2,042,500
State services fee fund		1,300,000
State general fund/general purpose	\$	0

Sec. 112. INFORMATION TECHNOLOGY

Information technology services and projects.....	\$	<u>1,461,900</u>
GROSS APPROPRIATION.....	\$	1,461,900

Appropriated from:

Interdepartmental grant revenues:

IDG from MDCIS (LCC), liquor quality testing fees		2,500
IDG from MDCIS (LCC), nonretail liquor license fees.....		500

Special revenue funds:

Agricultural preservation fund		200
Agriculture equine industry development fund.....		124,000
Gasoline inspection and testing fund		26,200
Groundwater and freshwater protection fund.....		100
Michigan state fair revenue		88,800
State services fee fund		2,100
Upper Peninsula state fair revenue		900
State general fund/general purpose	\$	1,216,600

PART 2
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$71,137,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$3,461,200.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF AGRICULTURE

Groundwater and freshwater protection program	\$ 1,800,000
Local conservation districts	1,661,200
TOTAL	\$ <u>3,461,200</u>

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

Sec. 203. As used in this act:

- (a) "DAG" means the United States department of agriculture.
- (b) "Department" means the department of agriculture.
- (c) "Director" means the director of the department.
- (d) "EPA" means the United States environmental protection agency.
- (e) "FTE" means full-time equated.
- (f) "HHS-FDA" means the United States department of health and human services - food and drug administration.
- (g) "IDG" means interdepartmental grant.
- (h) "MDCH" means the Michigan department of community health.
- (i) "MDCIS (LCC)" means the Michigan department of consumer and industry services - liquor control commission.
- (j) "MDEQ" means the Michigan department of environmental quality.
- (k) "MDNR" means the Michigan department of natural resources.

Sec. 204. The department of civil service shall bill departments and agencies at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

(3) The hiring freeze does not apply to the animal industry program.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement, or it may include placement of reports on an Internet or Intranet site.

Sec. 209. (1) Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available.

(2) In addition to the requirements in subsection (1), the purchase of goods or services, or both, if competitively priced and of comparable quality shall be Michigan goods or services, or both, if available. The department shall also

encourage the use of Michigan produced agricultural products by all state agencies and departments if competitively priced and of comparable quality, if available.

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. (1) The unexpended and unobligated balance of any state restricted fund or account remaining at the end of the fiscal year shall revert back to the state restricted fund or account from which appropriated and be available for appropriation for the next fiscal year. Appropriations that revert to a state restricted fund or account pursuant to this section shall not revert to the general fund of this state.

(2) A state restricted revenue fund or account that receives revenues in excess of expenditures made from that state restricted revenue fund or account shall not have the excess revenue revert to the general fund of this state.

Sec. 212. (1) Of the funds appropriated in part 1, the department may provide for indemnity as provided for pursuant to the animal industry act, 1988 PA 466, MCL 287.701 to 287.745, not to exceed \$100,000.00 per order from any line item for the fiscal year ending September 30, 2004. Before the department provides for an indemnification under this section, the department shall report the reason for the indemnification, the amount of the indemnification, and to whom the indemnification is to be paid. The report shall be given to each member of the house and senate appropriations subcommittees on agriculture and to the senate and house fiscal agencies and the state budget director.

(2) The department of agriculture shall make an indemnification payment for the fair market value of an apiarian loss caused by a bear and payment for the fair market value of livestock killed by a wolf or coyote, if the kill is verified by the department of natural resources. The fair market value of the livestock shall be determined pursuant to the indemnification procedures prescribed in the animal industry act, 1988 PA 466, MCL 287.701 to 287.745. In addition to the funds appropriated in part 1, the department of agriculture is authorized to expend the funds received from the department of natural resources to reimburse the department of agriculture for all indemnification payments made pursuant to this subsection.

Sec. 214. Of the funds appropriated in part 1 that are other than line-item grants, the department shall not provide grants to local government agencies, institutions of higher education, or nonprofit organizations unless the department provides notice of the grant to the house and senate appropriations subcommittees on agriculture at least 10 days before the grant is issued. The grants shall be used to support research or other related activities for the purpose of enhancing the agricultural industries in this state.

Sec. 216. The unexpended and unencumbered balance of revenue deposited pursuant to section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320, for the fiscal year ending September 30, 2004, shall be appropriated to the Michigan agriculture equine industry development fund for distribution as set forth in section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320.

Sec. 219. The department of information technology shall establish a schedule of rates, user fees, and charges or assessments for standard services and information system support requirements to be made to departments for technology-related services and projects. This schedule, as well as copies of related interagency agreements, shall be provided to the state budget office and the house and senate committees on appropriations before October 15, 2003. The department of agriculture shall not process any payments or fund transfers to the department of information technology until 30 days after the schedule of rates, user fees, and assessments is provided to the legislature, pursuant to this section.

Sec. 220. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 222. The negative appropriation for employee turnover savings in part 1 shall be satisfied by employee cost savings realized from the natural delay associated with position posting, recruitment, and hiring of employees to fill approved vacancies for existing positions within the department. Appropriation authorization adjustments required to implement the negative appropriation shall be made after the approval of transfers by the legislature under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 224. In addition to the appropriations contained in part 1, if legislation creating an agricultural enhancement fund is enacted before September 30, 2004, or existing casino compacts are renegotiated and revenue is available from those sources, programs, services, and projects are appropriated in the following amounts and order of priority:

- (a) \$1,000,000.00 for market development.
- (b) \$750,000.00 for bovine tuberculosis.

- (c) \$600,000.00 for migrant housing.
- (d) \$200,000.00 for local conservation districts.
- (e) \$50,000.00 for future farmers of America.

EXECUTIVE

Sec. 301. Per diem rates for commodity committees established in the agriculture commodities marketing act, 1965 PA 232, MCL 290.651 to 290.674, 1970 PA 29, MCL 290.421 to 290.430, 1964 PA 114, MCL 290.551 to 290.568, and the beef industry commission act, 1972 PA 291, MCL 287.601 to 287.610, will be set based upon levels established in section 301 of 2002 PA 516.

Sec. 302. The department may receive and expend revenue and use that revenue to cover necessary expenses related to publications, audit and licensing functions, livestock sales, certification of nursery stock, bean inspection services, and laboratory analyses as specified in the following:

- (a) Management services publications.
- (b) Management services audit and licensing functions.
- (c) Upper Peninsula state fair livestock sales.
- (d) Pesticide and plant pest management propagation and certification of virus-free foundation stock.
- (e) Pesticide and plant pest management bean inspection and grading services.
- (f) Laboratory support testing for testing horses in draft horse pulling contests at county fairs when local jurisdictions request state assistance.
- (g) Laboratory support analyses to determine foreign substances in horses engaged in racing or pulling contests at tracks.
- (h) Laboratory support analysis of food, livestock, and agricultural products for disease, foreign products for disease, toxic materials, foreign substances, and quality standards.
- (i) Laboratory support test samples for other agencies and organizations.
- (j) Fruit and vegetable inspection at shipping and termination points and processing plants.

Sec. 303. Of the funds appropriated in part 1 for statistical reporting service, \$90,000.00 shall be used for surveys which include, but are not limited to, fruit, vegetables, and nursery stock, which encompasses Christmas trees and ornamental plants. The director of the Michigan department of agriculture is given authority to include other agricultural surveys such as turfgrass in the 3- to 5-year rotation. The survey shall include information such as existing plantings/acreage, new plantings/acreage, production, and number of growers.

FOOD AND DAIRY

Sec. 401. (1) The department shall monitor restaurant inspection and licensing functions carried out by local health departments to ensure uniform application and enforcement of minimum program requirements. On or before April 1, 2004, the department shall report to the senate and house appropriations subcommittees on agriculture, the senate and house fiscal agencies, and the state budget director on local health department conformance with minimum program requirements.

(2) If a local unit of government incurs additional costs resulting from its efforts to control a significant food-borne outbreak, the director shall seek additional resources to reimburse the local unit of government for these additional costs. The director shall involve the local health officer of the jurisdiction affected in all aspects of the control of any food-borne outbreak.

Sec. 402. Not later than April 1, 2004, the department shall provide a report to the house and senate appropriations subcommittees on agriculture and the house and senate fiscal agencies describing significant food-borne outbreaks and emergencies including any enforcement actions taken related to food safety during the 2002-2003 fiscal year.

Sec. 403. The department, in conjunction with the department of community health, shall assure that a process is in place that requires a local unit of government to obtain prior approval from the department before any reallocation or redistribution of program funds appropriated in section 104.

ANIMAL INDUSTRY

Sec. 450. From the funds appropriated in section 105 for the bovine tuberculosis program, the department of agriculture shall reimburse the department of natural resources for those costs associated with monitoring and testing wildlife for bovine tuberculosis that are necessary to support the department of agriculture goals and are jointly agreed to by the department of agriculture and the department of natural resources to be in excess of efforts necessary to effectively plan and execute the eradication of bovine tuberculosis from Michigan's wild free-ranging deer herd.

Sec. 451. From the funds appropriated in section 101 for bovine tuberculosis, the department shall pay for all whole herd testing costs to achieve and maintain split-state status requirements. These costs include producer assistance, indemnity, and compensation for injury causing death or downer to animals.

Sec. 452. In the event of a significant animal or plant health outbreak, the director shall seek additional state and federal resources to cover the additional costs associated with addressing the outbreak.

PESTICIDE AND PLANT PEST MANAGEMENT

Sec. 501. Of the funds appropriated in section 106 to the pesticide and plant pest management division, up to \$100,000.00 may be made available to the Michigan cooperative extension service for the purpose of training of applicators. Reimbursement shall be based on actual expenditures and revenue availability.

ENVIRONMENTAL STEWARDSHIP

Sec. 601. The funds appropriated in section 107 for the energy conservation program shall be distributed on a competitive basis that will be based on statewide energy conservation criteria.

Sec. 602. The department may expend the amount appropriated for migrant labor housing grants for construction of new migrant labor housing. Project grants shall not exceed \$5,000.00 per unit. An applicant is not eligible for more than a \$20,000.00 grant in any fiscal year.

Sec. 603. The department shall apply for all federal funds for which it is eligible that can be used to support the migrant labor housing program.

Sec. 604. The appropriation in section 107 for local conservation districts shall be allocated in the following manner:

(a) Of the total appropriation, \$81,200.00 shall be allocated for local conservation district training.

(b) Of the total appropriation, each local conservation district meeting the minimum grant requirements shall receive a grant of \$20,000.00 to support basic operations, unless the district resides in a county consisting of multiple districts, in which case a \$20,000.00 grant shall be divided equally among the districts in that county. The amount of money allocated under this subdivision shall not be used by local conservation districts to replace any money received from local sources.

(c) Of the remaining appropriation after distributions under subdivisions (a) and (b), additional grants, not to exceed \$20,000.00 per local conservation district, may be provided based on a formula approved by the commission of agriculture. Grants under this subdivision shall require at least a 100% cash or in-kind local match. Criteria used to distribute grants under this subdivision shall include, but are not limited to, the natural resources need, the size, and the population of the area served by each local conservation district.

Sec. 605. Within the appropriation in part 1 for environmental stewardship, \$100,000.00 is for aquifer dispute resolution activities carried out by the department.

MARKET DEVELOPMENT

Sec. 701. Within the appropriations in part 1 for market development, \$500,000.00 is for the grape and wine industry council, from which the department may provide grants for the purposes as described in section 303 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1303.

Sec. 702. In any given year when insufficient amounts of Michigan surplus products are offered to the food bank council and accepted for distribution, unused funds may be applied by the food bank council for the direct purchase of foods from Michigan growers, manufacturers, or wholesalers.

Sec. 704. Indirect costs may not be charged against the future farmers of America grant in section 109 by any administering agency.

Sec. 705. The appropriation in section 109 for the export market development program shall be used to coordinate state participation in the federal market access program and to leverage federal funds for the purpose of developing new and enhancing existing export markets for Michigan agricultural products.

Sec. 707. The department is authorized to receive and expend up to \$5,000,000.00 of utility company uncollectible allowance recovery fund resources which may be deposited into the agricultural development fund for the support of grants for value-added agricultural processing and agricultural production ventures in accordance with the Julian-Stille value-added act, 2000 PA 322, MCL 285.301 to 285.304. The agriculture development fund resources when certified as available by the department of treasury shall remain unallotted until such time as the state budget director has reviewed and approved a department submitted allotment schedule. Expenditures for support of agricultural processing and production ventures shall not exceed revenues received. Unexpended resources remaining in the fund at the end of the fiscal year shall remain in the fund and not lapse to the general fund.

FAIRS AND EXPOSITIONS

Sec. 801. The department shall submit a report each month to the state budget director, the senate and house appropriations subcommittees on agriculture, and the senate and house fiscal agencies that states the simulcasting revenues generated in the preceding month by each licensed track and the amount received from license fees.

Sec. 802. (1) The appropriation in section 110 for standardbred purses and supplements - licensed tracks is intended to provide state purse supplements for 4 races at state licensed pari-mutuel horse racing tracks. The purse supplements are to be used for races comprised only of Michigan-bred horses segregated into a 4-year-old colt trot division, a 4-year-old filly trot division, a 4-year-old colt pace division, and a 4-year-old filly pace division.

(2) The appropriation in part 1 for licensed tracks - light horse racing shall be allocated as follows:

Arabian and Appaloosa horse racing	\$	16,800
Quarter horse racing		50,500

Sec. 803. Included in the appropriation made in section 110 for the thoroughbred program is \$30,500.00 for the Michigan united thoroughbred breeders and owners association to conduct a thoroughbred yearling show. The Michigan united thoroughbred breeders and owners association shall submit to the department an itemized list of expenses showing that the expenses of the yearling show were paid.

Sec. 804. From the funds appropriated in section 110 for thoroughbred owners' awards, awards shall be distributed pursuant to section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320.

Sec. 805. The department shall notify the senate and house appropriations subcommittees and the fiscal agencies of any planned reductions in appropriations, allocations, or expenditures from the agriculture equine industry development fund no less than 10 days before such reductions are implemented.

Sec. 806. A county fair, district fair, 4-H fair, or state fair receiving funds in section 110 to be used for prizes or awards, in whole or in part, as a condition precedent to the receiving of the funds for those purposes, shall publish the rules relative to the prizes, awards, and deadlines for entries eligible for the funds in their official premium books or lists relative to the prizes or awards. An aggrieved exhibitor may make a written complaint to the fair within 10 days after the fair ends. If the fair has not satisfactorily settled the grievance within 45 days after it is submitted to the fair, the aggrieved person may file the complaint with the department and the department shall investigate the complaint and make a finding of fact regarding the complaint and take appropriate action regarding the complaint.

Sec. 807. Of the amount appropriated in section 110 for purses and supplements - fairs/licensed tracks, a sufficient amount is appropriated to provide for overnight purse supplements pursuant to the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

Sec. 808. Of the amount appropriated in section 110 for premiums, \$11,400.00 shall be expended as a grant for the Michigan horse show association - fall youth show.

Sec. 809. From the appropriations for premiums - county and state fairs in section 110, \$120,000.00 shall be awarded through a competitive grant program to local, regional, or state fairs or expositions to promote youth involvement and adult exhibitions in the animal agriculture industry. Appropriate exhibition classes for youth shall be developed that encourage a production exhibit for which premium awards may be paid. The age for youth exhibitors shall be

determined by the standards of the association requesting the grant or, if standards do not exist, the age for youth exhibitors shall be ages 9 through 21. Implementation of the latest technologies into the evaluation of the animals shall be encouraged in the production exhibit. Adult exhibitions should focus on the performance or end product, or both, with the appropriate technologies used to enhance placings and the awarding of premiums.

Sec. 810. Expenditures for the Michigan state fair operations from the department shall be limited to the amount appropriated in section 110. The department shall not be responsible for any costs above the appropriated amount unless additional funds are appropriated for this purpose.

Sec. 811. The funds appropriated in section 110 for distribution of outstanding winning tickets are not available for expenditure until they are deposited in the agriculture equine industry development fund pursuant to section 2 of 1951 PA 90, MCL 431.252. These funds shall be expended in accordance with section 2 of 1951 PA 90, MCL 431.252, and only after they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 812. An individual or other entity that leases land, a building, or other property under the Michigan exposition and fairgrounds act, 1978 PA 361, MCL 285.161 to 285.175a, is not eligible for a state grant, loan, appropriation, or other state subsidy related to the leased land, building, or other property.

Sec. 813. (1) On or before January 29, 2004, the department, together with the senate and house fiscal agencies and the department of management and budget, shall estimate the unreserved and unencumbered closing balance of the agriculture equine industry development fund for the fiscal year ending September 30, 2003. The estimate shall consider lapsed appropriations from the fund and any carryforward amounts designated for appropriation in the fiscal year ending September 30, 2003.

(2) On or before February 5, 2004, the department shall request a legislative transfer in accordance with section 393 of the management and budget act, 1984 PA 431, MCL 18.1393, to appropriate any estimated unreserved and unencumbered agriculture equine industry development fund balance in excess of \$250,000.00. The appropriations included in the transfer request shall be in accordance with the requirements of section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320. At the same time the department forwards its transfer request to the department of management and budget, the department shall submit copies of the transfer request to the senate and house appropriations subcommittees on agriculture and the senate and house fiscal agencies.

OFFICE OF RACING COMMISSIONER

Sec. 901. The racing commissioner may pay rewards of not more than \$5,800.00 to a person who provides information that results in the arrest and conviction on a felony or misdemeanor charge for a crime that involves the horse racing industry. A reward paid pursuant to this section shall be paid out of the office of racing commissioner line item.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Jay E. Randall

Clerk of the House of Representatives

Approved

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Governor