

**Summary: Senate Bill 264**  
**AGRICULTURE**  
**FY 2005-06**  
**Conference Committee Report**

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	FY 2004-05 YTD (as of 5/24/05)	House Bill Art. 1 of HB 4831	Senate Bill 264	Conference	<i>Difference: Conference from FY 2004-05 YTD</i>	
					<i>Amount</i>	<i>%</i>
<b>IDG/IDT</b>	\$10,868,700	\$10,368,200	\$10,318,200	\$10,368,200	(\$500,500)	(4.6)
<b>Federal</b>	34,102,200	32,581,700	32,581,700	32,581,700	(1,520,500)	(4.5)
<b>Local</b>	0	0	0	0	0	0.0
<b>Private</b>	138,700	138,700	138,700	138,700	0	0.0
<b>Restricted</b>	52,570,800	48,663,900	48,663,900	47,747,100	(4,823,700)	(9.2)
<b>GF/GP</b>	28,427,900	28,631,700	28,659,700	28,362,700	(65,200)	(0.0)
<b>Gross</b>	<b>\$126,108,300</b>	<b>\$120,384,200</b>	<b>\$120,362,200</b>	<b>\$119,198,400</b>	<b>(\$6,909,900)</b>	<b>(5.5)</b>
<b>FTEs</b>	749.0	700.0	700.0	700.0	(49.0)	(6.6%)

**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.

The Conference Report for FY 2005-06 is \$6.9 million less than the current year. In addition to other budgetary adjustments described below, the reduction reflects the transfer of the Michigan State Fair (\$5.2 million state-restricted) from the Agriculture budget to the Department of Management and Budget in the General Government budget. The transfer was effected by PA 468 of 2004 (SB 1130).

**Major Budget Issues Summarized**

*Agriculture Industry Equine Development Fund Revenue* – The Casino Tax increase enacted by PA 306 of 2004 (HB 4612) provided an additional \$6.1 million in Agriculture Industry Equine Development Fund revenue to the FY 2004-05 Agriculture budget. The Executive had proposed redirecting the entire \$6.1 million to the state General Fund in FY 2005-06. The Conference Report reflects the Target agreement which provided for the redirection of \$2 million of this revenue to the General Fund. The Conference Report partially offsets this \$2.0 million reduction through use of approximately \$920,000 in anticipated lapses in Agriculture Industry Equine Development Fund revenue.

The Conference Report appropriates a total of \$16.5 million from the Agriculture Industry Equine Development Fund, \$1.5 million less than the current year; \$5.2 million more than the original Executive Recommendation:

- \* \$2.4 million for *Animal Industry/Animal Health and Welfare* (adopts Executive Recommendation)
- \* \$100,000 for *FFA/Michigan 4-H*
- \* \$963,200 for *Building & Track Improvements – County & State Fairs* (same as current year)
- \* \$154,900 for *Information Technology* – (adopts Executive Recommendation)
- \* \$12.2 million for various horse industry programs and awards (\$4.1 million more than the Executive Recommendation, \$372,900 more than current year).
- \* \$700,000 for distribution of uncashed winning tickets
- \* \$20,000 to support the CANTER program

The Conference Report does not include the current-year one-time appropriation of \$2.98 million from the Agriculture Industry Equine Development Fund to *Building and Track Improvements – Licensed Tracks*, and does not include \$25,000 for Rural Partners of Michigan, which had been included in the House-passed bill.

#### *Refined Petroleum Fund*

In 2004, the Legislature passed HB 6074 (PA 390 of 2004) which extended authority to collect the MUSTFA regulatory fee through December 31, 2010. The bill also created the Refined Petroleum Fund as a state restricted fund within the state treasury and directed all revenue from the regulatory fee (an estimated \$60.0 million per year) to the new fund. The current year Agriculture budget appropriated \$3.0 million from the fund, \$1.3 million to support baseline Laboratory Program consumer protection programs, and \$1.7 million for enhanced fuel inspection programs. The Conference Report would appropriate \$3.2 million from the fund, including \$335,500 to offset GF/GP in Executive direction and Building occupancy lines, and \$1.0 million for enhanced fuel inspection programs. The Conference Report includes related boilerplate Section 304.

#### *Privately-owned Cervid fees*

The Conference Report does not recognize \$214,300 in new Cervid industry regulatory fee revenue proposed by the Executive. The Conference Report appropriates \$140,000 GF/GP to fund the cervid CWD testing/inspection program.

#### *Food Bank*

The Executive budget had proposed transferring this program (\$630,500 GF/GP) to the Department of Human Services budget. The Conference Report retains this program in Agriculture.

#### *Export Market Development Program*

The Conference Report retains this program (\$50,000 GF/GP) which had been eliminated in the Senate-passed bill.

#### *Migrant Housing Grants*

The Conference Report maintains a \$100 placeholder.

#### *Aquifer Protection Program*

The Conference Report includes \$50,000 (funded from Department of Environmental Quality IDG) for new program.

#### *General Fund Target*

The Conference Report appropriates \$28,362,700 GF/GP, \$65,200 less than current year, and \$209,900 less than the original Executive recommendation, which had not included \$630,500 for the Food Bank, as noted above.

The Conference Report reflects the Executive's revisions to its original budget proposal which reduced requested Agriculture GF/GP appropriations by \$397,000 to reflect reduced employee insurance rates (\$223,300), and anticipated savings in contractual services (\$173,700). The Conference Report made \$248,800 in additional GF/GP cuts as follows: Management services, \$240,200; Statistical reporting, \$1,800, and Information Technology, \$6,000.

### **Major Boilerplate Items**

#### **New Section:**

"Sec. 304. From funds appropriated in Part 1, Section 108, not less than \$3,800,000.00 shall be used for the motor fuel quality inspection program to ensure motor fuel quality and the accuracy of fuel pumps at Michigan service stations. Notwithstanding the provisions of section 205, the department shall hire additional field and laboratory staff for the motor fuel quality inspection program."

#### **Section Retained:**

"Sec. 706. From the appropriation in part 1 for agriculture development, \$30,000.00 shall be provided to the northwest Michigan horticultural research station."