

**SUBSTITUTE FOR  
SENATE BILL NO. 237**

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2010; 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:**

1  
2  
3  
4  
5  
6

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, 2010, from the funds indicated in this part. The following is a summary of the

1 appropriations in this part:

2 **DEPARTMENT OF AGRICULTURE**

3 APPROPRIATION SUMMARY

4	Full-time equated unclassified positions.....	3.0	
5	Full-time equated classified positions.....	592.5	
6	GROSS APPROPRIATION.....		\$ 86,427,800
7	Interdepartmental grant revenues:		
8	Total interdepartmental grants and intradepartmental		
9	transfers .....		1,362,300
10	ADJUSTED GROSS APPROPRIATION.....		\$ 85,065,500
11	Federal revenues:		
12	Total federal revenues.....		14,231,100
13	Special revenue funds:		
14	Total local revenues.....		0
15	Total private revenues.....		243,200
16	Total other state restricted revenues.....		40,002,800
17	State general fund/general purpose.....		\$ 30,588,400
18	<b>Sec. 102. EXECUTIVE</b>		
19	Full-time equated unclassified positions.....	3.0	
20	Full-time equated classified positions.....	41.5	
21	Commission and boards.....		\$ 23,800
22	Director.....		124,300
23	Racing commissioner.....		81,400
24	Special projects coordinator.....		78,300
25	Executive direction--10.0 FTE positions.....		973,800
26	Management services--24.0 FTE positions.....		1,851,900
27	Agricultural statistics--1.0 FTE positions.....		79,700

1	Emergency management--6.5 FTE positions .....	<u>747,100</u>
2	GROSS APPROPRIATION.....	\$ 3,960,300
3	Appropriated from:	
4	Federal revenues:	
5	HHS-FDA.....	500,000
6	Private funds:	
7	Private - commodity group.....	79,700
8	Special revenue funds:	
9	Gasoline inspection and testing fund.....	66,300
10	Industry support funds.....	36,500
11	Nonretail liquor fees.....	8,800
12	Refined petroleum fund.....	54,700
13	State services fee fund.....	220,000
14	State general fund/general purpose.....	\$ 2,994,300
15	<b>Sec. 103. DEPARTMENTWIDE</b>	
16	Rent and building occupancy charges.....	<u>\$ 421,100</u>
17	GROSS APPROPRIATION.....	\$ 421,100
18	Appropriated from:	
19	Federal revenues:	
20	DAG, multiple grants.....	79,400
21	EPA, multiple grants.....	60,900
22	HHS-FDA.....	13,100
23	Special revenue funds:	
24	Agricultural preservation fund.....	23,900
25	Freshwater protection fund.....	9,500
26	Licensing and inspection fees.....	59,100
27	Nonretail liquor fees.....	7,800

1	Refined petroleum fund.....	114,000
2	State services fee fund.....	53,400
3	State general fund/general purpose.....	\$ 0
4	<b>Sec. 104. FOOD AND DAIRY</b>	
5	Full-time equated classified positions.....	115.0
6	Food safety and quality assurance--115.0 FTE positions	\$ <u>12,539,700</u>
7	GROSS APPROPRIATION.....	\$ 12,539,700
8	Appropriated from:	
9	Federal revenues:	
10	DAG, multiple grants.....	58,300
11	HHS-FDA.....	412,200
12	Special revenue funds:	
13	Consumer and industry food safety education fund.....	264,800
14	Dairy and food safety fund.....	2,874,300
15	State general fund/general purpose.....	\$ 8,930,100
16	<b>Sec. 105. ANIMAL INDUSTRY</b>	
17	Full-time equated classified positions.....	70.0
18	Animal health and welfare--21.5 FTE positions.....	\$ 2,152,800
19	Bovine tuberculosis program--48.5 FTE positions.....	<u>7,732,900</u>
20	GROSS APPROPRIATION.....	\$ 9,885,700
21	Appropriated from:	
22	Interdepartmental grant revenues:	
23	IDG from DNR, cervid fees.....	75,000
24	Federal revenues:	
25	DAG, multiple grants.....	1,178,200
26	HHS-FDA.....	73,000
27	Special revenue funds:	

1	Licensing and inspection fees .....		108,000
2	State general fund/general purpose .....	\$	8,451,500
3	<b>Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT</b>		
4	Full-time equated classified positions.....	134.5	
5	Pesticide and plant pest management--110.0 FTE		
6	positions .....	\$	12,138,300
7	Emerald ash borer control program--24.5 FTE positions		<u>3,034,200</u>
8	GROSS APPROPRIATION.....	\$	15,172,500
9	Appropriated from:		
10	Federal revenues:		
11	DAG, multiple grants.....		4,568,300
12	EPA, multiple grants.....		919,200
13	HHS-FDA.....		96,300
14	Special revenue funds:		
15	Private - slow-the-spread foundation.....		152,600
16	Commodity inspection fees.....		1,117,700
17	Horticulture fund.....		82,000
18	Industry support funds.....		351,600
19	Licensing and inspection fees.....		3,660,500
20	State general fund/general purpose .....	\$	4,224,300
21	<b>Sec. 107. ENVIRONMENTAL STEWARDSHIP</b>		
22	Full-time equated classified positions.....	52.0	
23	Environmental stewardship--28.0 FTE positions .....	\$	2,172,500
24	Groundwater and freshwater protection program--15.0		
25	FTE positions .....		5,255,100
26	Farmland and open space preservation--9.0 FTE		
27	positions .....		1,006,900

1	Technical assistance match.....		236,800
2	Agriculture pollution prevention program.....		1,000,100
3	Migrant labor housing.....		<u>425,100</u>
4	GROSS APPROPRIATION.....	\$	10,096,500
5	Appropriated from:		
6	Interdepartmental grant revenues:		
7	IDG from MDEQ, biosolids.....		93,800
8	IDG from MDEQ, MAEAP.....		351,600
9	Federal revenues:		
10	DAG, multiple grants.....		1,000,000
11	EPA, multiple grants.....		255,000
12	United States department of labor.....		400,000
13	Special revenue funds:		
14	Agricultural preservation fund.....		875,900
15	Agriculture pollution prevention fund.....		100
16	Freshwater protection fund.....		5,221,000
17	Migratory labor housing.....		25,000
18	State general fund/general purpose.....	\$	1,874,100
19	<b>Sec. 108. LABORATORY PROGRAM</b>		
20	Full-time equated classified positions.....	131.0	
21	Laboratory services--63.0 FTE positions.....		\$ 5,943,100
22	USDA monitoring program--17.0 FTE positions.....		2,171,700
23	Consumer protection program--51.0 FTE positions.....		<u>5,237,400</u>
24	GROSS APPROPRIATION.....	\$	13,352,200
25	Appropriated from:		
26	Interdepartmental grant revenues:		
27	IDG from MDELEG (LCC), liquor quality testing fees ...		189,100

1	Federal revenues:		
2	DAG, multiple grants.....		2,193,700
3	EPA, multiple grants.....		351,200
4	HHS-FDA.....		543,000
5	Special revenue funds:		
6	Gasoline inspection and testing fund.....		2,562,500
7	Licensing and inspection fees.....		76,300
8	Refined petroleum fund.....		3,286,200
9	State services fee fund.....		519,700
10	Testing fees.....		434,500
11	Weights and measures regulation fees.....		688,300
12	State general fund/general purpose.....	\$	2,507,700
13	<b>Sec. 109. AGRICULTURE DEVELOPMENT</b>		
14	Full-time equated classified positions.....	9.0	
15	Agriculture development--6.0 FTE positions.....	\$	1,077,000
16	Grape and wine program--3.0 FTE positions.....		722,200
17	Export market development program.....		150,000
18	Michigan agricultural surplus system.....		<u>150,100</u>
19	GROSS APPROPRIATION.....	\$	2,099,300
20	Appropriated from:		
21	Interdepartmental grant revenues:		
22	IDG from MDELEG.....		500,000
23	IDG from MDHS, food bank.....		150,000
24	Federal revenues:		
25	DAG, multiple grants.....		279,300
26	Special revenue funds:		
27	Private - commodity group.....		10,900

1	Industry support funds.....		316,000
2	Nonretail liquor fees.....		665,700
3	State general fund/general purpose.....	\$	177,400
4	<b>Sec. 110. FAIRS AND EXPOSITIONS</b>		
5	Full-time equated classified positions.....	9.5	
6	Fairs, racing and producer security--9.5 FTE positions	\$	1,168,900
7	Building and track improvements - county fairs.....		480,000
8	Premiums - county fairs.....		1,375,400
9	Purses and supplements - fairs/licensed tracks.....		1,839,400
10	Licensed tracks - light horse racing.....		102,500
11	Standardbred breeders' awards.....		752,100
12	Standardbred purses and supplements - licensed tracks		1,388,800
13	Standardbred sire stakes.....		628,600
14	Standardbred training and stabling.....		27,900
15	Thoroughbred owners' awards.....		96,300
16	Thoroughbred program.....		1,862,800
17	Thoroughbred sire stakes.....		644,200
18	Distribution of outstanding winning tickets.....		<u>543,300</u>
19	GROSS APPROPRIATION.....	\$	10,910,200
20	Appropriated from:		
21	Special revenue funds:		
22	Agriculture equine industry development fund.....		7,918,200
23	Industry support funds.....		20,600
24	Licensing and inspection fees.....		163,500
25	State services fee fund.....		2,506,900
26	State general fund/general purpose.....	\$	301,000
27	<b>Sec. 111. OFFICE OF RACING COMMISSIONER</b>		

1	Full-time equated classified positions.....	30.0	
2	Office of racing commissioner--30.0 FTE positions ....		\$ <u>2,700,000</u>
3	GROSS APPROPRIATION.....		\$ 2,700,000
4	Appropriated from:		
5	Special revenue funds:		
6	State services fee fund.....		2,700,000
7	State general fund/general purpose.....		\$ 0
8	<b>Sec. 112. INFORMATION TECHNOLOGY</b>		
9	Information technology services and projects.....		\$ <u>1,540,300</u>
10	GROSS APPROPRIATION.....		\$ 1,540,300
11	Appropriated from:		
12	Interdepartmental grant revenues:		
13	IDG from MDELEG (LCC), liquor quality testing fees ...		2,800
14	Special revenue funds:		
15	Agricultural preservation fund.....		200
16	Agriculture equine industry development fund.....		226,800
17	Gasoline inspection and testing fund.....		107,000
18	Freshwater protection fund.....		100
19	Licensing and inspection fees.....		74,900
20	Nonretail liquor fees.....		500
21	State general fund/general purpose.....		\$ 1,128,000
22	<b>Sec. 113. CAPITAL OUTLAY</b>		
23	Farmland and open space development acquisition.....		\$ <u>3,750,000</u>
24	GROSS APPROPRIATION.....		\$ 3,750,000
25	Appropriated from:		
26	Federal revenues:		
27	DAG, multiple grants.....		1,250,000

1	Special revenue funds:	
2	Agricultural preservation fund.....	2,500,000
3	State general fund/general purpose.....	\$ 0

4 PART 2

5 PROVISIONS CONCERNING APPROPRIATIONS

6 GENERAL SECTIONS

7 Sec. 201. Pursuant to section 30 of article IX of the state  
8 constitution of 1963, total state spending from state resources  
9 under part 1 for fiscal year 2009-2010 is \$70,591,200.00 and state  
10 spending from state resources to be paid to local units of  
11 government for fiscal year 2009-2010 is \$1,500,000.00. The itemized  
12 statement below identifies appropriations from which spending to  
13 local units of government will occur:

14 DEPARTMENT OF AGRICULTURE

15	Groundwater and freshwater protection program.....	\$ <u>1,500,000</u>
16	TOTAL.....	\$ 1,500,000

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

20 Sec. 203. As used in this act:

- 21 (a) "DAG" means the United States department of agriculture.
- 22 (b) "Department" means the department of agriculture.
- 23 (c) "Director" means the director of the department.
- 24 (d) "EPA" means the United States environmental protection
- 25 agency.

1 (e) "FTE" means full-time equated.

2 (f) "HHS-FDA" means the United States department of health and  
3 human services - food and drug administration.

4 (g) "IDG" means interdepartmental grant.

5 (h) "MAEAP" means the Michigan agriculture environmental  
6 assurance program.

7 (i) "MDCH" means the Michigan department of community health.

8 (j) "MDELEG" means the Michigan department of energy, labor,  
9 and economic growth.

10 (k) "MDELEG (LCC)" means the Michigan department of energy,  
11 labor, and economic growth - liquor control commission.

12 (l) "MDEQ" means the Michigan department of environmental  
13 quality.

14 (m) "MDHS" means the Michigan department of human services.

15 (n) "USDA" means the United States department of agriculture.

16 Sec. 204. The civil service commission shall bill departments  
17 and agencies at the end of the first fiscal quarter for the charges  
18 authorized by section 5 of article XI of the state constitution of  
19 1963. Payments shall be made for the total amount of the billing by  
20 the end of the second fiscal quarter.

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

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

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

18           Sec. 209. Funds appropriated in part 1 shall not be used for  
19 the purchase of foreign goods or services, or both, if  
20 competitively priced and of comparable quality American goods or  
21 services, or both, are available. Preference should be given to  
22 goods or services, or both, manufactured or provided by Michigan  
23 businesses, if they are competitively priced and of comparable  
24 quality. In addition, preference should be given to goods or  
25 services, or both, that are manufactured or provided by Michigan  
26 businesses owned and operated by veterans, if they are  
27 competitively priced and of comparable quality.

1           Sec. 210. The director shall take all reasonable steps to  
2 ensure businesses in deprived and depressed communities compete for  
3 and perform contracts to provide services or supplies, or both. The  
4 director shall strongly encourage firms with which the department  
5 contracts to subcontract with certified businesses in depressed and  
6 deprived communities for services, supplies, or both.

7           Sec. 212. (1) Of the funds appropriated in part 1, the  
8 department may provide for indemnity as provided for pursuant to  
9 the animal industry act, 1988 PA 466, MCL 287.701 to 287.745, not  
10 to exceed \$100,000.00 per order from any line item for the fiscal  
11 year ending September 30, 2010. Before the department provides for  
12 an indemnification under this section, the department shall report  
13 the reason for the indemnification, the amount of the  
14 indemnification, and to whom the indemnification is to be paid. The  
15 report shall be given to each member of the senate and house  
16 appropriations subcommittees on agriculture and to the senate and  
17 house fiscal agencies and the state budget director.

18           (2) The department of agriculture shall make an  
19 indemnification payment for the fair market value of livestock  
20 killed by a wolf, coyote, or cougar, if the kill is verified by the  
21 department of natural resources. The fair market value of the  
22 livestock shall be determined pursuant to the indemnification  
23 procedures prescribed in the animal industry act, 1988 PA 466, MCL  
24 287.701 to 287.745. In addition to the funds appropriated in part  
25 1, the department of agriculture is authorized to expend the funds  
26 received from the department of natural resources to reimburse the  
27 department of agriculture for all indemnification payments made

1 pursuant to this subsection.

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

10       Sec. 219. From the funds appropriated in part 1 for  
11 information technology, the department shall pay user fees to the  
12 department of information technology for technology-related  
13 services and projects. The user fees shall be subject to provisions  
14 of an interagency agreement between the department and the  
15 department of information technology.

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

23       Sec. 223. (1) Due to the current budgetary problems in this  
24 state, out-of-state travel shall be limited to situations in which  
25 1 or more of the following conditions apply:

26       (a) The travel is required by legal mandate or court order or  
27 for law enforcement purposes.

1 (b) The travel is necessary to protect the health or safety of  
2 Michigan citizens or visitors or to assist other states in similar  
3 circumstances.

4 (c) The travel is necessary to produce budgetary savings or to  
5 increase state revenues, including protecting existing federal  
6 funds or securing additional federal funds.

7 (d) The travel is necessary to comply with federal  
8 requirements.

9 (e) The travel is necessary to secure specialized training for  
10 staff that is not available within this state.

11 (f) The travel is financed entirely by federal or nonstate  
12 funds.

13 (2) Not later than January 1 of each year, each department  
14 shall prepare a travel report listing all travel by classified and  
15 unclassified employees outside this state in the immediately  
16 preceding fiscal year that was funded in whole or in part with  
17 funds appropriated in the department's budget. The report shall be  
18 submitted to the senate and house appropriations committees, the  
19 senate and house fiscal agencies, and the state budget director.  
20 The report shall include the following information:

21 (a) The name of each person receiving reimbursement for travel  
22 outside this state or whose travel costs were paid by this state.

23 (b) The destination of each travel occurrence.

24 (c) The dates of each travel occurrence.

25 (d) A brief statement of the reason for each travel  
26 occurrence.

27 (e) The transportation and related costs of each travel

1 occurrence, including the proportion funded with state general  
2 fund/general purpose revenues, the proportion funded with state  
3 restricted revenues, the proportion funded with federal revenues,  
4 and the proportion funded with other revenues.

5 (f) A total of all out-of-state travel funded for the  
6 immediately preceding fiscal year.

7 Sec. 224. The department shall not take disciplinary action  
8 against an employee for truthfully to the best of his or her  
9 knowledge communicating with a member of the legislature or his or  
10 her staff.

11 Sec. 228. (1) In addition to the funds appropriated in part 1,  
12 there is appropriated an amount not to exceed \$5,000,000.00 for  
13 federal contingency funds. These funds are not available for  
14 expenditure until they have been transferred to another line item  
15 in this act under section 393(2) of the management and budget act,  
16 1984 PA 431, MCL 18.1393.

17 (2) In addition to the funds appropriated in part 1, there is  
18 appropriated an amount not to exceed \$6,000,000.00 for state  
19 restricted contingency funds. These funds are not available for  
20 expenditure until they have been transferred to another line item  
21 in this act under section 393(2) of the management and budget act,  
22 1984 PA 431, MCL 18.1393.

23 (3) In addition to the funds appropriated in part 1, there is  
24 appropriated an amount not to exceed \$100,000.00 for local  
25 contingency funds. These funds are not available for expenditure  
26 until they have been transferred to another line item in this act  
27 under section 393(2) of the management and budget act, 1984 PA 431,

1 MCL 18.1393.

2 (4) In addition to the funds appropriated in part 1, there is  
3 appropriated an amount not to exceed \$100,000.00 for private  
4 contingency funds. These funds are not available for expenditure  
5 until they have been transferred to another line item in this act  
6 under section 393(2) of the management and budget act, 1984 PA 431,  
7 MCL 18.1393.

8 Sec. 229. (1) The department shall report no later than April  
9 1, 2010 on each specific policy change made to implement a public  
10 act affecting the department that took effect during the prior  
11 calendar year to the senate and house appropriations subcommittees  
12 on the budget for the department, the joint committee on  
13 administrative rules, and the senate and house fiscal agencies.

14 (2) Funds appropriated in part 1 shall not be used by the  
15 department to adopt a rule that will apply to a small business and  
16 that will have a disproportionate economic impact on small  
17 businesses because of the size of those businesses if the  
18 department fails to reduce the disproportionate economic impact of  
19 the rule on small businesses as provided under section 40 of the  
20 administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

21 (3) As used in this section:

22 (a) "Rule" means that term as defined under section 7 of the  
23 administrative procedures act of 1969, 1969 PA 306, MCL 24.207.

24 (b) "Small business" means that term as defined under section  
25 7a of the administrative procedures act of 1969, 1969 PA 306, MCL  
26 24.207a.

27 Sec. 230. Funds appropriated in part 1 shall not be used by a

1 principal executive department, state agency, or authority to hire  
2 a person to provide legal services that are the responsibility of  
3 the attorney general. This prohibition does not apply to legal  
4 services for bonding activities and for those activities that the  
5 attorney general authorizes.

6       Sec. 231. From the funds appropriated in part 1 for salaries  
7 and benefits, the department shall provide funding in the pesticide  
8 and plant pest management, food and dairy, animal industry,  
9 environmental stewardship and laboratory divisions for not less  
10 than 315 employees who provide direct service to the public or  
11 substantially support the work of those who provide direct service.  
12 Expenditures shall be made so that these divisions continue to  
13 provide service to protect the public health, safety, and welfare  
14 and environment.

15       Sec. 232. From the funds appropriated in part 1, the director  
16 shall implement continuous improvement efficiency mechanisms in the  
17 programs administered by the department. The continuous improvement  
18 efficiency mechanisms shall identify changes made in programs to  
19 increase efficiency and reduce expenditures in the programs. On  
20 March 31, 2010 and September 30, 2010, the director shall submit a  
21 report to the state budget director, the senate and house  
22 appropriations subcommittees, and the senate and house fiscal  
23 agencies on the progress made toward increased efficiencies in  
24 departmental programs. At a minimum, each report shall include  
25 information on the program review process, the type of improvement  
26 mechanisms implemented, and actual and projected expenditure  
27 savings as a result of the increased program efficiencies.

1           Sec. 234. The department shall not approve the travel of more  
2 than 1 departmental employee to a specific professional development  
3 conference or training seminar that is located outside of this  
4 state unless the professional development conference or training  
5 seminar is funded by a federal or private funding source and  
6 requires more than 1 person from a department to attend, or the  
7 conference or training seminar includes multiple issues in which 1  
8 employee from the department does not have expertise.

9           Sec. 235. Available funds from the appropriation in part 1 may  
10 be provided to the C.S. Mott group for sustainable food systems at  
11 Michigan State University to plan for and coordinate a matched  
12 savings tool for Michigan's emerging farmers and to leverage  
13 federal funds for the purpose of developing and enhancing local  
14 markets for Michigan agricultural products.

15           Sec. 236. All appropriations in part 1 from the agriculture  
16 equine industry development fund shall be spent for equine-related  
17 purposes.

18           Sec. 237. Not later than September 30, 2010, the department  
19 shall prepare and transmit a report that provides for estimates of  
20 the total general fund/general purpose appropriation lapses at the  
21 close of the fiscal year. This report shall summarize the projected  
22 year-end general fund/general purpose appropriation lapses by major  
23 departmental program or program areas. The report shall be  
24 transmitted to the office of the state budget, the chairpersons of  
25 the senate and house appropriations committees, and the senate and  
26 house fiscal agencies.

1 **EXECUTIVE**

2           Sec. 302. (1) The department may receive and expend revenue  
3 and use that revenue to cover necessary expenses related to  
4 publications, audit and licensing functions, livestock sales,  
5 certification of nursery stock, bean inspection services, and  
6 laboratory analyses as specified in the following:

7           (a) Management services publications.

8           (b) Management services audit and licensing functions.

9           (c) Pesticide and plant pest management propagation and  
10 certification of virus free foundation stock.

11           (d) Pesticide and plant pest management bean inspection and  
12 grading services.

13           (e) Laboratory support testing for testing horses in draft  
14 horse pulling contests at county fairs when local jurisdictions  
15 request state assistance.

16           (f) Laboratory support analyses to determine foreign  
17 substances in horses engaged in racing or pulling contests at  
18 tracks.

19           (g) Laboratory support analyses of food, livestock, and  
20 agricultural products for disease, foreign products for disease,  
21 toxic materials, foreign substances, and quality standards.

22           (h) Laboratory support test samples for other agencies and  
23 organizations.

24           (i) Fruit and vegetable inspection at shipping and termination  
25 points and processing plants.

26           (2) The department shall notify the senate and house  
27 appropriations subcommittees on agriculture and the senate and

1 house fiscal agencies 30 days prior to proposing changes in fees  
2 authorized under this section or under section 5 of 1915 PA 91, MCL  
3 285.35.

4 (3) Annually, before February 1, the department shall provide  
5 a report to the senate and house appropriations subcommittees on  
6 agriculture and the senate and house fiscal agencies detailing all  
7 the fees charged by the department under the authorization provided  
8 in this section, including, but not limited to, rates, number of  
9 individuals paying each fee, and the revenue generated by each fee  
10 in the previous fiscal year.

11 Sec. 304. (1) To ensure motor fuel quality and quantity, the  
12 department shall maintain the motor fuel quality program and shall  
13 not reduce program level of effort below that of the 2006-2007  
14 fiscal year. Notwithstanding the provisions of section 205, the  
15 department shall maintain field and laboratory staff for the motor  
16 fuel quality program.

17 (2) On or before January 1 and every 6 months thereafter, the  
18 department shall report to the senate and house appropriations  
19 subcommittees on agriculture and the senate and house fiscal  
20 agencies the results of both complaint-based and random-based  
21 inspections, including the number of inspections performed, samples  
22 collected, and compliance rates.

23 Sec. 306. From the funds appropriated in section 102, private  
24 funds for agricultural statistics shall be used to match state  
25 funds at not less than 50% of study costs.

26 **FOOD AND DAIRY**

1           Sec. 401. The department shall monitor restaurant inspection  
2 and licensing functions carried out by local health departments to  
3 ensure uniform application and enforcement of minimum program  
4 requirements.

5           Sec. 402. Not later than April 1, 2010, the department shall  
6 provide a report to the senate and house appropriations  
7 subcommittees on agriculture and the senate and house fiscal  
8 agencies describing significant food-borne outbreaks and  
9 emergencies including any enforcement actions taken related to food  
10 safety during the 2008-2009 fiscal year.

11           Sec. 404. From the funds appropriated in section 104 for food  
12 safety and quality assurance, not less than \$150,000.00 from the  
13 consumer and industry food safety education fund shall be expended  
14 for purposes required under section 4117 of the food law of 2000,  
15 2000 PA 92, MCL 289.4117, including the statewide training and  
16 education to consumers on food safety and the training and  
17 education on food safety to food service establishment employees  
18 and department employees and agents who enforce section 4117 of the  
19 food law of 2000, 2000 PA 92, MCL 289.4117.

20           Sec. 406. Notwithstanding the provisions of section 205, the  
21 department is authorized to fill open positions in the food and  
22 dairy inspection program.

23           Sec. 407. Funds appropriated in part 1 of 2007 PA 128 for food  
24 and dairy, food safety and quality assurance, shall not lapse but  
25 shall continue to be available for completion of the e-inspector  
26 program in accordance with the provisions of section 451a of the  
27 management and budget act, 1984 PA 431, MCL 18.1451a.

1     ANIMAL INDUSTRY

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

11          Sec. 451. From the funds appropriated in section 105 for  
12 bovine tuberculosis, the department shall pay for all whole herd  
13 testing costs and individual animal testing costs in the modified  
14 accredited zone to maintain split-state status requirements. These  
15 costs include indemnity and compensation for injury causing death  
16 or downer to animals.

17          Sec. 452. The department shall apply for all federal and  
18 private funds for which it is eligible that can be used to support  
19 the bovine tuberculosis program.

20          Sec. 454. The department shall use its resources to  
21 collaborate with the United States department of agriculture to  
22 obtain TB-free status for the area of the Lower Peninsula that is  
23 zoned as modified accredited advanced. The department shall also  
24 aggressively work toward eradicating bovine TB in the modified  
25 accredited zone.

26          Sec. 455. The department shall prepare a plan to provide for

1 cattle without official identification that may arrive at a  
2 saleyard. If an animal arrives untagged at a saleyard without  
3 official identification, the saleyard may charge a fee for the tag  
4 and for application. The tag may be purchased by and identified to  
5 the saleyard. The saleyard shall maintain records for all animals  
6 tagged on its premises. The department plan shall be in compliance  
7 with the "Michigan Bovine TB Eradication Program - Application for  
8 TB-Free/Modified Accredited Status", April 2007.

9       Sec. 456. Of the funds appropriated in part 1, no funds shall  
10 be used to enforce the mandatory electronic animal identification  
11 program for any domestic animals other than cattle until specific  
12 procedures and guidelines for electronic animal identification are  
13 outlined in statute.

14       Sec. 457. On or before October 15, 2009, and on a quarterly  
15 basis thereafter, the department shall report to the senate and  
16 house agriculture committees, the senate and house appropriations  
17 subcommittees on agriculture, and the senate and house fiscal  
18 agencies on the department's progress toward meeting the USDA  
19 requirements as outlined in the March 2007 bovine TB program  
20 review. The report shall include, but is not limited to,  
21 information and data on: wildlife risk mitigation plan  
22 implementation in the modified accredited zone; implementation of a  
23 movement certificate process; progress toward annual surveillance  
24 test requirements set out in the June 2007 MOU; compliance efforts  
25 and rates for animals crossing the Mackinac Bridge; efforts to work  
26 with slaughter facilities in Michigan, as well as those that  
27 slaughter a significant number of animals from Michigan;

1 educational programs and information for Michigan's livestock  
2 community; any other item the legislature should be aware of that  
3 will promote or hinder efforts to achieve bovine TB-free status for  
4 Michigan.

5       Sec. 458. From the funds appropriated in section 105 for  
6 animal industry, the department shall provide inspection and  
7 testing of aquaculture facilities and aquaculture researchers as  
8 provided under the Michigan aquaculture development act, 1996 PA  
9 199, MCL 286.877. It is the intent of the legislature that the  
10 department shall work with aquaculture facilities and aquaculture  
11 researchers to identify, contain, and eradicate viral hemorrhagic  
12 septicemia in this state.

13       Sec. 459. Notwithstanding the provisions of section 205, the  
14 department is authorized to fill open positions in the bovine  
15 tuberculosis program.

16       Sec. 460. Of the appropriation in section 105 for animal  
17 health and welfare, budgetary reductions for the fiscal year ending  
18 September 30, 2010 shall not be taken from the aquaculture program,  
19 but shall be taken from other programs funded in the animal health  
20 and welfare appropriation line.

21       **LABORATORY SERVICES**

22       Sec. 501. From the appropriation in part 1 for laboratory  
23 services, a sufficient amount is appropriated from licensing and  
24 inspection fee revenue to maintain the department's animal feed  
25 testing programs.

1 **PESTICIDE AND PLANT PEST MANAGEMENT**

2       Sec. 551. It is the intent of the legislature that the  
3 department work with the fruit and vegetable industry to ensure the  
4 development of a sustainable system of third-party inspections of  
5 fruits and vegetables.

6 **ENVIRONMENTAL STEWARDSHIP**

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

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

12       (a) Of the total appropriation, each local conservation  
13 district meeting the minimum grant requirements shall receive a  
14 grant of \$11,605.00 to support basic operations, unless the  
15 district resides in a county consisting of multiple districts, in  
16 which case a \$11,605.00 grant shall be divided equally among the  
17 districts in that county. The amount of money allocated under this  
18 subdivision shall not be used by local conservation districts to  
19 replace any money received from local sources.

20       (b) Any amount remaining from the appropriation after  
21 distributions under subdivision (a) shall be allocated for local  
22 conservation district training.

23       Sec. 605. From the appropriation in part 1 for technical  
24 assistance match, not less than \$300,000.00 shall be used to fund  
25 local conservation district technical assistance for individuals  
26 with contracts under the 2002 farm bill administered by USDA's

Senate Bill No. 237 as amended June 11, 2009

1 natural resources conservation service. Increasing the level of  
2 technical assistance will ensure producers can access the federal  
3 money available under their individual contracts and quickly put  
4 that money to work in Michigan.

5 Sec. 606. The department shall actively search for all  
6 possible funding sources to be used to match federal funds in the  
7 USDA environmental quality incentives program.

8 Sec. 607. It is the intent of the legislature that the  
9 department continue its activities in support of intercounty  
10 drainage districts as provided in chapter 5 of the drain code of  
11 1956, 1956 PA 40, MCL 280.101 to 280.106.

12 Sec. 608. Of the appropriation in section 107 for  
13 environmental stewardship, budgetary reductions for the fiscal year  
14 ending September 30, 2010 shall not be taken from the right-to-farm  
15 program, but shall be taken from other programs funded in the  
16 environmental stewardship appropriation line.

17 Sec. 609. From the funds appropriated in section 107 for  
18 environmental stewardship, not less than \$483,000.00 shall be  
19 expended for inspection and licensing activities related to migrant  
20 labor housing.

<<Sec. 610. From the appropriation in section 107 for environmental  
stewardship, the appropriation of \$130,000.00 from the general fund for  
water withdrawal assessment shall be contingent upon the department  
inputting the data received in compliance with water use reporting  
requirements as provided for under MCL 324.32708(3).>>

21 **AGRICULTURE DEVELOPMENT**

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

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

7           Sec. 706. Not later than April 1, 2010, the department shall  
8 provide a report to the senate and house appropriations  
9 subcommittees on agriculture and the senate and house fiscal  
10 agencies describing the department's agriculture development and  
11 export market development activities. The report shall identify  
12 grants awarded during the prior fiscal year, including a  
13 description of federal or private funds made available as a result  
14 of department activities.

15           Sec. 707. In awarding grants from the agricultural development  
16 fund created under the Julian-Stille value-added act, 2000 PA 322,  
17 MCL 285.301 to 285.304, the department shall give due consideration  
18 to the diversity of Michigan agriculture and its economic  
19 importance.

20           Sec. 709. (1) Not later than April 1, 2010, the department  
21 shall provide a report to the senate and house appropriations  
22 subcommittees on agriculture and the senate and house fiscal  
23 agencies describing the activities of the grape and wine industry  
24 council established under section 303 of the Michigan liquor  
25 control act of 1998, 1998 PA 58, MCL 436.1303.

26           (2) The report shall include all of the following:

27           (a) Council activities and accomplishments for the previous

1 fiscal year.

2 (b) Council expenditures for the previous fiscal year by  
3 category of administration, industry support, research and  
4 education grants, and promotion and consumer education.

5 (c) Grants awarded during the prior fiscal year and the  
6 results of research grant projects completed during the prior  
7 fiscal year.

8 Sec. 710. The department may match external funding for  
9 domestic and international marketing programs for the purpose of  
10 developing new and enhancing existing export markets for Michigan  
11 agricultural products.

12 Sec. 711. In accordance with chapter 8B of the Michigan  
13 strategic fund act, 1984 PA 270, MCL 125.2089 to 125.2089d, it is  
14 the intent of the legislature that the Michigan strategic fund, its  
15 employees, contract employees, and individuals working on its  
16 behalf collaborate with the Michigan department of agriculture to  
17 promote business development of Michigan agricultural products to  
18 achieve outcomes that include, but are not limited to, increases in  
19 export sales, increases in the number of retailers carrying  
20 Michigan commodities both within and outside of this state, and  
21 increased sales of Michigan products at chain grocers.

22 Sec. 712. The funds appropriated in part 1 from MDELEG for  
23 agriculture development and export market development program shall  
24 be used to foster and promote growth in the food and agriculture  
25 sector. By September 30, 2010, the department shall report to the  
26 senate and house appropriations subcommittees on agriculture and  
27 economic development, the senate and house fiscal agencies, and the

1 state budget director on the use of these funds and how the funds  
2 facilitated growth in the food and agriculture sector.

3 **FAIRS AND EXPOSITIONS**

4 Sec. 801. Within 60 days of the close of each fiscal quarter,  
5 the department shall report to the state budget director, the  
6 senate and house subcommittees on agriculture, and the senate and  
7 house fiscal agencies on the agriculture equine industry  
8 development fund established in section 20 of the horse racing law  
9 of 1995, 1995 PA 279, MCL 431.320. The report shall do all of the  
10 following:

11 (a) Identify actual revenue through the preceding fiscal  
12 quarter and projected revenue and fund balance through the end of  
13 the fiscal year.

14 (b) Identify simulcast racing revenue generated by each  
15 licensed track, revenue from license fees, revenue generated from  
16 the casino wagering tax, and revenue from other sources.

17 (c) Identify the spending targets or budgeted amounts from the  
18 fund by line item for the fiscal year and compare the spending  
19 targets to the appropriated amounts for each line item.

20 Sec. 802. From the amount appropriated in section 110 for  
21 purses and supplements - fairs/licensed tracks, \$220,000.00 is to  
22 be used for state purse supplements at state licensed pari-mutuel  
23 tracks for races comprised only of Michigan-bred horses segregated  
24 into a 4-year-old colt trot division, a 4-year-old filly trot  
25 division, a 4-year-old colt pace division, and a 4-year-old filly  
26 pace division.

1           Sec. 803. Included in the appropriation made in section 110  
2 for the thoroughbred program is \$23,500.00 for the Michigan united  
3 thoroughbred breeders and owners association to conduct a  
4 thoroughbred yearling show. The Michigan united thoroughbred  
5 breeders and owners association shall submit to the department an  
6 itemized list of expenses showing that the expenses of the yearling  
7 show were paid.

8           Sec. 804. From the funds appropriated in section 110 for  
9 thoroughbred owners' awards, awards shall be distributed pursuant  
10 to section 20 of the horse racing law of 1995, 1995 PA 279, MCL  
11 431.320.

12           Sec. 805. All appropriations from the agriculture equine  
13 industry development fund shall be reduced proportionately if  
14 revenues to the agriculture equine industry development fund  
15 decline during the fiscal year ending September 30, 2010 to a level  
16 lower than the amount appropriated in part 1.

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

1 investigate the complaint and make a finding of fact regarding the  
2 complaint and take appropriate action regarding the complaint.

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

7       Sec. 808. Of the amount appropriated in section 110 for  
8 premiums - county and state fairs, \$91,400.00 shall be expended to  
9 reimburse up to 75% premiums paid to large livestock and equine  
10 exhibitors in shows or exhibitions held by statewide associations  
11 as defined by the department. Livestock expositions shall be  
12 limited to participation in this program and prohibited from  
13 participation in any state-funded premium programs. The Michigan  
14 horse show association fall youth show shall be included.

15       Sec. 809. From the appropriations for premiums - county and  
16 state fairs in section 110, \$40,000.00 shall be awarded through a  
17 competitive grant program to local, regional, or state fairs or  
18 youth education programs to promote youth involvement and adult  
19 exhibitions in the animal agriculture industry.

20       Sec. 811. The funds appropriated in section 110 for  
21 distribution of outstanding winning tickets are not available for  
22 expenditure until they are deposited in the Michigan agriculture  
23 equine industry development fund pursuant to section 2 of 1951 PA  
24 90, MCL 431.252. These funds shall be expended in accordance with  
25 section 2 of 1951 PA 90, MCL 431.252. The department shall provide  
26 notice to the senate and house appropriations subcommittees on  
27 agriculture at least 10 days before the funds are expended. This

1 notice shall include the amount that each program receives from the  
2 outstanding winning ticket revenue deposited in the Michigan  
3 agriculture equine industry development fund.

4       Sec. 812. The fairs, exhibitions and racing division shall  
5 make payments from the agriculture equine industry development fund  
6 in a timely manner to persons or organizations that are approved  
7 for such payments.

8       OFFICE OF RACING COMMISSIONER

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

15       Sec. 902. In the event there is no live thoroughbred race meet  
16 in 2009 or 2010, all purse money and program money appropriated for  
17 the thoroughbred industry in fiscal year 2008-2009 and fiscal year  
18 2009-2010 shall be held in escrow for a period not to exceed 18  
19 months, or until a thoroughbred race meet license is applied for  
20 and granted by the office of racing commissioner. In the event  
21 there is no thoroughbred meet in 2009 or 2010, the purse pool  
22 distribution order to be issued by the office of racing  
23 commissioner in 2010 that delineates distribution between the  
24 thoroughbred meet that has been held at Great Lakes Downs and the  
25 joint thoroughbred/quarterhorse meet held in Mt. Pleasant shall be  
26 the same distribution formula as issued in 2009, with the

1 thoroughbred portion being held in escrow.

2       Sec. 903. The office of racing commissioner shall provide each  
3 certified horsemen's organization a minimum of 30 days' notice  
4 before submitting a request for rule-making with the state office  
5 of administrative hearings and rules. The notice shall include all  
6 information as is required by the request for rule-making with the  
7 state office of administrative hearings and rules.

8       Sec. 904. It is the intent of the legislature that the office  
9 of racing commissioner no longer be designated as a type I agency  
10 and be administered as part of the department for budgetary  
11 savings.

## 12       CAPITAL OUTLAY

13       Sec. 1001. Of the amounts appropriated in part 1 for farmland  
14 and open space development acquisition, the funds shall be used for  
15 the purchase of development rights and the awarding of grants by  
16 the agriculture preservation fund board under the natural resources  
17 and environmental protection act, 1994 PA 451, MCL 324.101 to  
18 324.90106.

19       Sec. 1002. (1) The director shall allocate lump-sum  
20 appropriations made in this act consistent with statutory  
21 provisions and the purposes for which funds were appropriated.  
22 Lump-sum allocations shall address priority program or facility  
23 needs and may include, but are not limited to, design,  
24 construction, remodeling and addition, special maintenance, major  
25 special maintenance, energy conservation, and demolition.

26       (2) The state budget director may authorize that funds

1 appropriated for lump-sum appropriations shall be available for no  
2 more than 3 fiscal years following the fiscal year in which the  
3 original appropriation was made. Any remaining balance from  
4 allocations made in this section shall lapse to the fund from which  
5 it was appropriated pursuant to the lapsing of funds as provided in  
6 the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

7       Sec. 1003. The appropriations in part 1 for capital outlay  
8 shall be carried forward at the end of the fiscal year consistent  
9 with the provisions of section 248 of the management and budget  
10 act, 1984 PA 431, MCL 18.1248.