SUBSTITUTE FOR

SENATE BILL NO. 115

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2016; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of agriculture and rural development for the fiscal year ending September 30, 2016, from the following funds:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

APPROPRIATION SUMMARY

Full-time equated unclassified positions..... 6.0

1	Full-time equated classified positions..... 454.0	
2	GROSS APPROPRIATION.....	$ 86,594,000
3	Interdepartmental grant revenues:	
4	IDG from LARA (LCC), liquor quality testing fees	216,100
5	IDG from MDEQ, biosolids.....	101,200
6	Total interdepartmental grants and intradepartmental	
7	transfers	317,300
8	ADJUSTED GROSS APPROPRIATION.....	$ 86,276,700
9	Federal revenues:	
10	Department of Interior.....	342,600
11	EPA, multiple grants.....	1,092,900
12	HHS-FDA.....	2,697,700
13	USDA, multiple grants.....	6,294,700
14	Total federal revenues.....	10,427,900
15	Special revenue funds:	
16	Private - commodity group revenue.....	107,300
17	Private - Slow-the-Spread Foundation.....	20,800
18	Total private revenues.....	128,100
19	Agricultural preservation fund.....	598,900
20	Agriculture equine industry development fund.....	4,277,500
21	Agriculture licensing and inspection fees.....	4,345,500
22	Animal welfare fund.....	217,100
23	Commodity inspection fees.....	508,600
24	Consumer and industry food safety education fund.....	348,800
25	Dairy and food safety fund.....	4,870,700
26	Feed control fund.....	971,000
27	Freshwater protection fund.....	6,316,600

1 Gasoline inspection and testing fund		2,618,700
2 Grain dealers fee fund		605,200
3 Horticulture fund		38,200
4 Industry support funds		426,700
5 Migratory labor housing fund		164,400
6 Nonretail liquor fees		839,900
7 Private forestland enhancement fund		284,900
8 Refined petroleum fund		3,874,600
9 Renewable fuels fund		51,800
10 Testing fees		287,600
11 Weights and measures regulations fees		1,000,400
12 Total other state restricted revenues		32,647,100
13 State general fund/general purpose	$	43,073,600
14 State general fund/general purpose schedule:		
15 Ongoing state general fund/general		
16 purpose	$	41,873,600
17 One-time state general fund/general		
18 purpose	$	1,200,000

19 **Sec. 102. DEPARTMENTWIDE**

20 Full-time equated unclassified positions..... 6.0

21 Full-time equated classified positions..... 28.0

22 Commissions and boards	$	23,800
23 Unclassified positions--6.0 FTE positions		532,600
24 Executive direction--9.0 FTE positions		1,376,100
25 Operational services--15.0 FTE positions		1,736,700
26 Statistical reporting service--1.0 FTE position		150,400
27 Emergency management--3.0 FTE positions		600,300

1	Accounting service center	1,115,900
2	Building occupancy charges	625,300
3	GROSS APPROPRIATION	$ 6,161,100
4	Appropriated from:	
5	Federal revenues:	
6	HHS-FDA	324,100
7	Special revenue funds:	
8	Private - commodity group revenue	77,400
9	Agricultural preservation fund	15,100
10	Agriculture licensing and inspection fees	293,200
11	Dairy and food safety fund	384,400
12	Freshwater protection fund	22,300
13	Gasoline inspection and testing fund	74,000
14	Grain dealers fee fund	7,300
15	Industry support funds	52,800
16	Migratory housing fund	26,200
17	Nonretail liquor fees	27,900
18	Refined petroleum fund	220,300
19	State general fund/general purpose	$ 4,636,100
20	**Sec. 103. INFORMATION AND TECHNOLOGY**	
21	Information technology services and projects	$ 1,372,500
22	GROSS APPROPRIATION	$ 1,372,500
23	Appropriated from:	
24	Interdepartmental grant revenues:	
25	IDG from LARA (LCC), liquor quality testing fees	3,200
26	Special revenue funds:	
27	Agricultural preservation fund	200

1	Agriculture licensing and inspection fees.....	32,400
2	Freshwater protection fund.....	100
3	Gasoline inspection and testing fund.....	31,400
4	Nonretail liquor fees.....	500
5	State general fund/general purpose..... $	1,304,700
6	**Sec. 104. FOOD AND DAIRY**	
7	Full-time equated classified positions..... 121.0	
8	Food safety and quality assurance--91.0 FTE positions $	13,537,800
9	Milk safety and quality assurance--30.0 FTE positions	4,170,600
10	GROSS APPROPRIATION..... $	17,708,400
11	Appropriated from:	
12	Federal revenues:	
13	HHS-FDA.....	1,172,000
14	USDA, multiple grants.....	133,800
15	Special revenue funds:	
16	Consumer and industry food safety education fund.....	348,800
17	Dairy and food safety fund.....	4,486,300
18	State general fund/general purpose..... $	11,567,500
19	**Sec. 105. ANIMAL INDUSTRY**	
20	Full-time equated classified positions..... 60.0	
21	Animal disease prevention and response--60.0 FTE	
22	positions ..... $	8,881,000
23	Indemnification - livestock depredation.....	50,000
24	GROSS APPROPRIATION..... $	8,931,000
25	Appropriated from:	
26	Federal revenues:	
27	HHS-FDA.....	65,600

1 USDA, multiple grants		518,600
2 Special revenue funds:		
3 Private commodity group revenue		29,900
4 Agriculture licensing and inspection fees		48,900
5 Animal welfare fund		217,100
6 State general fund/general purpose	$	8,050,900
7 **Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT**		
8 Full-time equated classified positions 85.0		
9 Pesticide and plant pest management--80.0 FTE		
10 positions	$	13,271,100
11 Producer security/grain dealers--5.0 FTE positions		643,800
12 GROSS APPROPRIATION	$	13,914,900
13 Appropriated from:		
14 Federal revenues:		
15 Department of Interior		222,000
16 EPA, multiple grants		319,700
17 HHS-FDA		524,300
18 USDA, multiple grants		829,800
19 Special revenue funds:		
20 Private - Slow-the-Spread Foundation		20,800
21 Agriculture licensing and inspection fees		3,893,600
22 Commodity inspection fees		508,600
23 Feed control fund		971,000
24 Freshwater protection fund		151,400
25 Grain dealers fee fund		597,900
26 Horticulture fund		38,200
27 Industry support funds		242,300

1 State general fund/general purpose ..... $ 5,595,300

2 **Sec. 107. ENVIRONMENTAL STEWARDSHIP**

3 Full-time equated classified positions..... 55.0

4 Environmental stewardship - MAEAP--23.0 FTE positions $ 9,128,500

5 Farmland and open space preservation--7.0 FTE

6 positions 905,200

7 Qualified forest program--9.0 FTE positions 2,682,500

8 Commercial forestry audit program 300,000

9 Migrant labor housing--9.0 FTE positions 1,186,600

10 Right-to-farm--3.0 FTE positions 567,900

11 Intercounty drain--4.0 FTE positions 474,100

12 GROSS APPROPRIATION ..... $ 15,244,800

13 Appropriated from:

14 Interdepartmental grant revenues:

15 IDG from MDEQ, biosolids 101,200

16 Federal revenues:

17 Department of Interior 120,600

18 EPA, multiple grants 604,700

19 USDA, multiple grants 916,700

20 Special revenue funds:

21 Agricultural preservation fund 583,600

22 Freshwater protection fund 6,142,800

23 Migratory labor housing fund 138,200

24 Private forestland enhancement fund 284,900

25 State general fund/general purpose ..... $ 6,352,100

26 **Sec. 108. LABORATORY PROGRAM**

27 Full-time equated classified positions..... 90.0

1	Laboratory services--37.0 FTE positions	$ 5,322,000
2	USDA monitoring--13.0 FTE positions	1,596,700
3	Consumer protection program--40.0 FTE positions	6,072,200
4	GROSS APPROPRIATION	$ 12,990,900
5	Appropriated from:	
6	Interdepartmental grant revenues:	
7	IDG from LARA (LCC), liquor quality testing fees	212,900
8	Federal revenues:	
9	EPA, multiple grants	168,500
10	HHS-FDA	611,700
11	USDA, multiple grants	1,597,600
12	Special revenue funds:	
13	Agriculture equine industry development fund	610,300
14	Agriculture licensing and inspection fees	77,400
15	Gasoline inspection and testing fund	2,513,300
16	Refined petroleum fund	3,654,300
17	Renewable fuels fund	51,800
18	Testing fees	287,600
19	Weights and measures regulation fees	1,000,400
20	State general fund/general purpose	$ 2,205,100
21	**Sec. 109. AGRICULTURE DEVELOPMENT**	
22	Full-time equated classified positions..... 14.0	
23	Agriculture development--11.0 FTE positions	$ 3,576,700
24	Grape and wine program--3.0 FTE positions	856,500
25	Rural development value-added grants	650,000
26	GROSS APPROPRIATION	$ 5,083,200
27	Appropriated from:	

1 Federal revenues:

2 USDA, multiple grants 2,298,200

3 Special revenue funds:

4 Industry support funds 131,600

5 Nonretail liquor fees 811,500

6 State general fund/general purpose ..... $ 1,841,900

7 **Sec. 110. FAIRS AND EXPOSITIONS**

8 Full-time equated classified positions 1.0

9 Fairs and racing--1.0 FTE position ..... $ 256,600

10 Shows and expositions 20,000

11 County fairs capital improvement grants 300,000

12 Purses and supplements - fairs/licensed tracks 708,300

13 Licensed tracks - light horse racing 40,300

14 Light horse racing - breeders' awards 20,000

15 Standardbred purses and supplements - licensed tracks 671,800

16 Standardbred breeders' awards 345,900

17 Standardbred sire stakes 275,000

18 Thoroughbred supplements - licensed tracks 601,900

19 Thoroughbred breeders' awards 448,600

20 Thoroughbred sire stakes 298,800

21 GROSS APPROPRIATION ..... $ 3,987,200

22 Appropriated from:

23 Special revenue funds:

24 Agriculture equine industry development fund 3,667,200

25 State general fund/general purpose ..... $ 320,000

26 **Sec. 111. ONE-TIME BASIS ONLY**

27 Rural development value-added grants ..... $ 550,000

Tree fruit research grants		500,000
Geagley laboratory		150,000
GROSS APPROPRIATION	$	1,200,000
Appropriated from:		
State general fund/general purpose	$	1,200,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2015-2016

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 2015-2016 is $75,720,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2015-2016 is $4,750,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

MAEAP environmental stewardship	$	3,250,000
Qualified forest program		1,500,000
TOTAL	$	4,750,000

Sec. 202. The appropriations authorized under part 1 and this part are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 203. As used in part 1 and this part:

(a) "Department" means the department of agriculture and rural

development.

(b) "Director" means the director of the department.

(c) "EPA" means the United States Environmental Protection Agency.

(d) "Fiscal agencies" means the Michigan house fiscal agency and the Michigan senate fiscal 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) "LARA" means the Michigan department of licensing and regulatory affairs.

(i) "LCC" means the Michigan liquor control commission.

(j) "MAEAP" means the Michigan agriculture environmental assurance program.

(k) "MDEQ" means the Michigan department of environmental quality.

(*l*) "MDNR" means the Michigan department of natural resources.

(m) "MOU" means memorandum of understanding.

(n) "Subcommittees" means all members of the subcommittees of the house and senate appropriations committees with jurisdiction over the budget for the department.

(o) "TB" means tuberculosis.

(p) "USDA" means the United States Department of Agriculture.

Sec. 205. In addition to the metrics required under section 447 of the management and budget act, 1984 PA 431, MCL 18.1447, for each new program or program enhancement for which funds in excess

of $500,000.00 are appropriated in part 1, the department shall provide not later than November 1, 2015 a list of program-specific metrics intended to measure its performance based on a return on taxpayer investment. The department shall deliver the program-specific metrics to members of the senate and house subcommittees that have subject matter jurisdiction for this budget, fiscal agencies, and the state budget director. The department shall provide an update on its progress in tracking program-specific metrics and the status of program success at an appropriations subcommittee meeting called for by the subcommittee chair.

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed $5,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in part 1 under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

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

MCL 18.1393.

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

Sec. 207. The department shall cooperate with the department of technology, management, and budget to maintain a searchable website accessible by the public at no cost that includes, but is not limited to, all of the following:

(a) Fiscal year-to-date expenditures by category.

(b) Fiscal year-to-date expenditures by appropriation unit.

(c) Fiscal year-to-date payments to a selected vendor, including the vendor name, payment date, payment amount, and payment description.

(d) The number of active department employees by job classification.

(e) Job specifications and wage rates.

Sec. 208. The departments and agencies receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this part. This requirement 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. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if

1 competitively priced and of comparable quality American goods or
2 services, or both, are available. Preference shall be given to
3 goods or services, or both, manufactured or provided by Michigan
4 businesses, if they are competitively priced and of comparable
5 quality. In addition, preference shall be given to goods or
6 services, or both, that are manufactured or provided by Michigan
7 businesses owned and operated by veterans, if they are
8 competitively priced and of comparable quality.
9 Sec. 210. The director shall take all reasonable steps to
10 ensure businesses in deprived and depressed communities compete for
11 and perform contracts to provide services or supplies, or both.
12 Each director shall strongly encourage firms with which the
13 department contracts to subcontract with certified businesses in
14 depressed and deprived communities for services, supplies, or both.
15 Sec. 212. The department and agencies receiving appropriations
16 in part 1 shall receive and retain copies of all reports funded
17 from appropriations in part 1. Federal and state guidelines for
18 short-term and long-term retention of records shall be followed.
19 The department may electronically retain copies of reports unless
20 otherwise required by federal and state guidelines.
21 Sec. 215. The department shall not take disciplinary action
22 against an employee for communicating with a member of the
23 legislature or his or her staff.
24 Sec. 218. The departments and agencies receiving
25 appropriations in part 1 shall prepare a report on out-of-state
26 travel expenses not later than January 1 of each year. The travel
27 report shall be a listing of all travel by classified and

unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the house and senate appropriations committees, the house and senate fiscal agencies, and the state budget director. The report shall include the following information:

(a) The dates of each travel occurrence.

(b) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

Sec. 228. Not later than November 30, the state budget office shall prepare and transmit a report that provides for estimates of the total general fund/general purpose appropriation lapses at the close of the prior fiscal year. This report shall summarize the projected year-end general fund/general purpose appropriation lapses by major departmental program or program areas. The report shall be transmitted to the chairpersons of the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies.

Sec. 229. Within 14 days after the release of the executive budget recommendation, the department shall cooperate with the state budget office to provide the senate and house appropriations chairs, the senate and house appropriations subcommittees on agriculture and rural development, respectively, and the senate and house fiscal agencies with an annual report on estimated state

restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures for the fiscal years ending September 30, 2015 and September 30, 2016.

Sec. 230. Funds appropriated in part 1 shall not be used by a principal executive department, state agency, or authority to hire a person to provide legal services that are the responsibility of the attorney general. This prohibition does not apply to legal services for bonding activities and for those outside services that the attorney general authorizes.

Sec. 231. The department shall maintain, on a publicly accessible website, a department scorecard that identifies, tracks, and regularly updates key metrics that are used to monitor and improve the agency's performance.

Sec. 232. Total authorized appropriations from all sources under part 1 for legacy costs for the fiscal year ending September 30, 2016 is $12,751,500.00. From this amount, total agency appropriations for pension-related legacy costs are estimated at $7,237,000.00. Total agency appropriations for retiree health care legacy costs are estimated at $5,513,800.00.

DEPARTMENTWIDE

Sec. 301. (1) Pursuant to the appropriations in part 1, 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, and laboratory analyses as specified in the following:

(a) Management services publications.

(b) Management services audit and licensing functions.

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

(d) Pesticide and plant pest management grading services.

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

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

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

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

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

(2) The department shall notify the subcommittees and the fiscal agencies 30 days prior to proposing changes in fees authorized under this section or under section 5 of 1915 PA 91, MCL 285.35.

(3) Annually, before February 1, the department shall provide a report to the subcommittees and the fiscal agencies detailing all the fees charged by the department under the authorization provided in this section, including, but not limited to, rates, number of individuals paying each fee, and the revenue generated by each fee in the previous fiscal year.

Sec. 302. 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 subcommittees and fiscal agencies 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. 303. It is the intent of the legislature that the department use revenue from licensing and inspection fees to increase the use of technology in licensing and inspection activities to make licensing and inspection functions, including reporting, more efficient. The department shall work to ensure that all license and registration applications can be completed online through a secure web portal.

FOOD AND DAIRY

Sec. 402. The department shall provide information on significant food-borne outbreaks and emergencies, including any enforcement actions taken related to food safety during the immediately preceding fiscal year in the food and dairy annual report and post that report on the department's website no later than April 1. The department shall provide electronic notification of where the report can be found on the department's website to the appropriation subcommittees, fiscal agencies, and state budget office.

ANIMAL INDUSTRY

Sec. 451. From the funds appropriated in part 1 for bovine tuberculosis, the department shall pay for all whole herd testing costs and individual animal testing costs in the modified accredited zone to maintain split-state status requirements. These costs include indemnity and compensation for injury causing death or downer to animals.

Sec. 453. (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 287.746, not to exceed $100,000.00 per order from any line item for the current fiscal year. 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 the subcommittees and the fiscal agencies.

(2) The department of agriculture and rural development shall make an indemnification payment for the fair market value of livestock killed by a wolf, coyote, or cougar, 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 287.746.

(3) The funds appropriated in part 1 for indemnification - livestock depredation are appropriated for indemnification payments and related department costs under subsection (2). On or before March 1 of the current fiscal year, the department shall report to

1 the subcommittees and the fiscal agencies on costs incurred in the
2 previous 2 fiscal years for indemnification payments to producers
3 made under subsection (2) and related department costs.
4 Sec. 454. The department shall use its resources to
5 collaborate with the USDA to monitor bovine TB, consistent with the
6 May 2014 memorandum of understanding between the department and the
7 USDA.
8 Sec. 456. Of the funds appropriated in part 1, no funds shall
9 be used to enforce the mandatory electronic animal identification
10 program for any domestic animals other than cattle until specific
11 procedures and guidelines for electronic animal identification are
12 outlined in statute.
13 Sec. 457. On or before October 15 of the current fiscal year
14 and on a quarterly basis thereafter, the department shall report to
15 the senate and house agriculture committees, the subcommittees, and
16 the fiscal agencies on the department's progress toward meeting the
17 USDA requirements as outlined in the March 2007 bovine TB program
18 review. The report shall include, but is not limited to,
19 information and data on: wildlife risk mitigation plan
20 implementation in the modified accredited zone; implementation of a
21 movement certificate process; progress toward annual surveillance
22 test requirements set out in the June 2007 MOU; efforts to work
23 with slaughter facilities in Michigan, as well as those that
24 slaughter a significant number of animals from Michigan;
25 educational programs and information for Michigan's livestock
26 community; any other item the legislature should be aware of that
27 will promote or hinder efforts to achieve bovine TB-free status for

Michigan.

Sec. 458. From the funds appropriated in part 1 for animal industry, the department shall provide inspection and testing of aquaculture facilities and aquaculture researchers as provided under section 7 of the Michigan aquaculture development act, 1996 PA 199, MCL 286.877. It is the intent of the legislature that the department shall work with aquaculture facilities and aquaculture researchers to identify, contain, and eradicate viral hemorrhagic septicemia in this state.

Sec. 459. It is the intent of the legislature that the department shall not conduct whole herd bovine TB testing on any 1 herd in a TB-free zone more often than every 4 years or re-test until all other herds in their county have been tested, unless involved in an epidemiological investigation, there is an outbreak within a 10-radius-mile area, or is not on a verified wildlife risk mitigated premises. If there is an outbreak within a 10 radius mile area, protocols outlined by the current memorandum of understanding with the USDA shall be used.

ENVIRONMENTAL STEWARDSHIP

Sec. 601. The funds appropriated in part 1 for environmental stewardship/MAEAP shall be used to support department agriculture pollution prevention programs, including groundwater and freshwater protection programs under part 87 of the Michigan natural resources and environmental protection act, 1994 PA 451, MCL 324.8701 to 324.8717, and technical assistance in implementing conservation grants available under the federal farm bill of 2014.

Sec. 604. (1) Federal revenues authorized by and available from the federal government in excess of the appropriation in part 1 under section 107 are appropriated and may be received and expended by the department for purposes authorized under state law and subject to federal requirements.

(2) The department shall notify the subcommittees and fiscal agencies prior to expending federal revenues received and appropriated under subsection (1).

Sec. 608. (1) The appropriations in part 1 for qualified forest affidavit program are for the purpose of increasing the knowledge of nonindustrial private forestland owners of sound forest management practices and increasing the amount of commercial timber production from those lands.

(2) The department shall work in partnership with stakeholder groups and other state and federal agencies to increase the active management of nonindustrial private forestland to foster the growth of Michigan's timber product industry.

Sec. 609. (1) From the appropriation in part 1 for commercial forestry audit program, the department shall develop an analysis and audit of forestry best management practices for water quality and the related forest ecosystem, including native plant and animal species and wildlife habitat. The analysis and audit shall have a statewide perspective. The best management practices audit shall be performed by an audit team composed of qualified professionals, including, but not limited to, the department, the department of environmental quality, university faculty, and conservation groups.

(2) At the close of the fiscal year, the unexpended portion of

the commercial forestry audit program is considered a work project appropriation in accordance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

(3) At the completion of the analysis and audit, the department shall provide a report to the house and senate appropriations subcommittees on agriculture and rural development, and the house and senate fiscal agencies, describing the results of the analysis and audit.

Sec. 610. Of the amount appropriated in part 1 from the freshwater protection fund, the department shall use not more than $500,000.00 for replacement of the data system for the MAEAP program.

AGRICULTURE DEVELOPMENT

Sec. 701. (1) The department shall establish and administer a rural development value-added grant program. The program shall promote the expansion of value-added agricultural production, processing, and access within the state.

(2) In addition to the funds appropriated in part 1, the department of agriculture and rural development may receive and expend funds received from outside sources for rural development value-added grants.

(3) The department shall award grants on a competitive basis from the funds appropriated in part 1 for rural development value-added grants. Grantees will be required to provide a cash match and identify measurable project outcomes. Eligible grantees may include, but are not limited to, individuals, partnerships,

cooperatives, private or public corporations, and local units of government. Grantees will be required to identify measurable project outcomes.

(4) A joint evaluation committee shall be selected by the director with representatives with agriculture, business, and economic development expertise. The joint evaluation committee shall identify criteria, evaluate applications, and provide recommendations to the director for final approval of grant awards.

(5) The department may expend money from the funds appropriated in part 1 for the rural development value-added grants for administering the program.

(6) The unexpended portion of the rural development value-added grant program is considered a work project appropriation in accordance with the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(7) The department shall provide an interim report no later than March 15 of the current fiscal year and a year-end report no later than September 30 of the current fiscal year to the subcommittees and the fiscal agencies, including the grantees, award amount, match funding, and project outcomes.

Sec. 706. On or before April 1, the department shall report to the house and senate appropriations subcommittees on agriculture and rural development, and the house and senate fiscal agencies, on the department's agriculture development and export market development activities. The report shall include the following information on agriculture industry, rural development, and strategic growth grants awarded during the prior fiscal year:

(a) The name of the grantee.

(b) The amount of the grant.

(c) The purpose of the grant, including measurable outcomes.

(d) Additional state, federal, private, or local funds contributed to the grant project.

(e) The completion date of grant-funded activities.

Sec. 709. (1) Not later than April 1 of the current fiscal year, the department shall provide a report to the subcommittees and the fiscal agencies describing the activities of the grape and wine industry council established under section 303 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1303.

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

(a) Council activities and accomplishments for the previous fiscal year.

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

(c) Grants awarded during the previous fiscal year and the results of research grant projects completed during the previous fiscal year.

FAIRS AND EXPOSITIONS

Sec. 801. All appropriations from the agriculture equine industry development fund shall be spent on equine-related purposes. No funds from the agriculture equine industry development fund shall be expended for nonequine-related purposes without prior approval of the legislature.

Sec. 802. All appropriations from the agriculture equine industry development fund, except for the Michigan gaming control board's regulatory expenses and the department's expenses to administer horse racing programs and laboratory analysis, shall be reduced proportionately if revenues to the agriculture equine industry development fund decline during the preceding fiscal year to a level lower than the amounts appropriated in part 1.

Sec. 804. It is the intent of the legislature that the Michigan gaming control board shall use actual expenditure data in determining the actual regulatory costs of conducting racing dates and shall provide that data to the senate and house of representatives appropriations subcommittees on agriculture and rural development and general government and the fiscal agencies by November 1 of the current fiscal year. The Michigan gaming control board shall not be reimbursed for more than the actual regulatory cost of conducting race dates. If a certified horsemen's organization funds more than the actual regulatory cost, the balance shall remain in the agriculture equine industry development fund to be used to fund subsequent race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts. If a certified horsemen's organization funds less than the actual regulatory costs of the additional horse racing dates, the Michigan gaming control board shall reduce the number of future race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts. Prior to the reduction in the number of authorized race dates due to budget deficits, the executive director of the Michigan gaming control

board shall provide notice to the certified horsemen's organizations with an opportunity to respond with alternatives. In determining actual costs, the Michigan gaming control board shall take into account that each specific breed may require different regulatory mechanisms.

Sec. 805. (1) The department shall establish and administer a county fairs capital improvement grant program. The program shall assist in the promotion of building improvements or other capital improvements at county fairgrounds of the state.

(2) The department shall award grants on a competitive basis to county fair organizations from the funds appropriated in part 1 for county fairs capital improvements grants. Grantees will be required to provide a dollar-for-dollar cash match with grant awards and identify measurable project outcomes.

(3) The department shall identify criteria, evaluate applications, and provide recommendations to the director for final approval of grant awards.

(4) The department may expend money from the funds appropriated in part 1 for the county fairs capital improvement grants for administering the program.

(5) The unexpended portion of the county fairs capital improvement grant program is considered a work project appropriation in accordance with the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(6) The department shall provide a year-end report no later than December 1, 2016 to the subcommittees and the fiscal agencies, including the grantees, award amount, match funding, and project

outcomes.

Sec. 806. (1) The amount appropriated in part 1 for shows and expositions shall be expended for the purpose of financial support, promotion, prizes, and premiums of equine, livestock, and other agricultural commodity expositions in Michigan.

(2) The department shall award grants for the purposes stipulated in subsection (1) on a competitive basis to persons organizing shows and expositions from the funds appropriated in part 1 for shows and expositions. Grantees will be required to provide a dollar-for-dollar cash match with grant awards and identify measurable project outcomes.

(3) The department shall identify criteria, evaluate applications, and provide recommendations to the director for final approval of grant awards.

(4) The unexpended portion of the appropriation for shows and expositions is considered a work project appropriation in accordance with the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(5) The department shall provide a year-end report no later than December 1, 2016 to the subcommittees and the fiscal agencies, including the grantees, award amount, match funding, and project outcomes.

PART 2A

PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS FOR FISCAL YEAR 2016-2017

GENERAL SECTIONS

Sec. 1201. It is the intent of the legislature to provide appropriations for the fiscal year ending on September 30, 2017 for the line items listed in part 1. The fiscal year 2016-2017 appropriations are anticipated to be the same as those for fiscal year 2015-2016, except that the line items will be adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. These adjustments will be determined after the January 2016 consensus revenue estimating conference.