

**SUBSTITUTE FOR  
SENATE BILL NO. 947**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2013; and to provide for the expenditure of the appropriations.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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PART 1

LINE-ITEM APPROPRIATIONS

FOR FISCAL YEAR 2012-2013

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of agriculture and rural development for the fiscal year ending September 30, 2013, from the funds indicated in this part. The

1 following is a summary of the appropriations in this part:

2 **DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**

3 APPROPRIATION SUMMARY

4	Full-time equated unclassified positions.....	2.0	
5	Full-time equated classified positions.....	425.0	
6	GROSS APPROPRIATION.....		\$ 76,266,300
7	Interdepartmental grant revenues:		
8	IDG from LARA (LCC), liquor quality testing fees .....		209,900
9	IDG-MDNRE, biosolids.....		107,000
10	Interdepartmental grant revenues.....		2,400
11	Total interdepartmental grants and intradepartmental		
12	transfers .....		319,300
13	ADJUSTED GROSS APPROPRIATION.....		\$ 75,947,000
14	Federal revenues:		
15	USDA, multiple grants.....		7,629,800
16	EPA, multiple grants.....		1,704,400
17	HHS-FDA.....		1,780,400
18	Federal revenues.....		85,000
19	Total federal revenues.....		11,199,600
20	Special revenue funds:		
21	Total local revenues.....		0
22	Private-slow the spread foundation.....		86,800
23	Private-commodity group revenue.....		87,500
24	Private revenues.....		1,500
25	Total private revenues.....		175,800
26	Agriculture preservation fund.....		1,395,300
27	Agriculture equine industry development fund.....		3,834,900

1	Animal welfare fund.....	209,600
2	Commodity inspection fees.....	566,300
3	Consumer and industry food safety education fund.....	306,200
4	Dairy and food safety fund.....	3,159,800
5	Freshwater protection fund.....	5,095,500
6	Gasoline inspection and testing fund.....	2,570,200
7	Grain dealer's fee fund.....	535,200
8	Horticulture fund.....	75,800
9	Industry support funds.....	549,100
10	Agriculture licensing and inspection fees.....	4,266,800
11	Migrant labor housing fund.....	157,000
12	Nonretail liquor fees.....	782,900
13	Refined petroleum fund.....	4,012,000
14	Testing fees.....	475,300
15	Weights and measures regulation fees.....	771,400
16	Renewable fuels fund.....	50,000
17	State restricted revenues.....	146,100
18	Total other state restricted revenues.....	28,959,400
19	State general fund/general purpose.....	\$ 35,612,200
20	State general fund/general purpose schedule:	
21	Ongoing state general fund/general	
22	purpose .....	31,995,200
23	One-time state general fund/general	
24	purpose .....	3,617,000
25	<b>Sec. 102. EXECUTIVE</b>	
26	Full-time equated unclassified positions.....	2.0
27	Full-time equated classified positions.....	27.0

1	Commissions and boards .....	\$	23,800
2	Unclassified positions .....		213,300
3	Executive direction--9.0 FTE positions .....		1,287,300
4	Operational services--15.0 FTE positions .....		995,200
5	Statistical reporting service--1.0 FTE positions .....		157,300
6	Emergency management--2.0 FTE positions .....		770,500
7	Accounting service center .....		920,200
8	Rent and building occupancy .....		<u>1,008,700</u>
9	GROSS APPROPRIATION .....	\$	5,376,300
10	Appropriated from:		
11	Federal revenues:		
12	USDA, multiple grants .....		228,400
13	EPA, multiple .....		177,000
14	HHS-FDA .....		552,300
15	Special revenue funds:		
16	Private-commodity group revenue .....		87,500
17	Agriculture preservation fund .....		23,100
18	Freshwater protection fund .....		34,100
19	Industry support funds .....		49,500
20	Agriculture licensing and inspection fees .....		159,500
21	Nonretail liquor fees .....		38,100
22	Refined petroleum fund .....		320,300
23	State general fund/general purpose .....	\$	3,706,500
24	<b>Sec. 103. FOOD AND DAIRY</b>		
25	Full-time equated classified positions .....	101.0	
26	Food safety and quality assurance--75.0 FTE positions	\$	10,167,500
27	Milk safety and quality assurance--26.0 FTE positions		<u>3,474,800</u>

1	GROSS APPROPRIATION.....	\$	13,642,300
2	Appropriated from:		
3	Federal revenues:		
4	USDA-multiple grants.....		247,500
5	HHS-FDA.....		476,400
6	Special revenues funds:		
7	Consumer and industry food safety education fund.....		306,200
8	Dairy and food safety fund.....		3,159,800
9	State general fund/general purpose.....	\$	9,452,400
10	<b>Sec. 104. ANIMAL INDUSTRY</b>		
11	Full-time equated classified positions.....		60.0
12	Animal disease prevention and response--60.0 FTE		
13	positions .....	\$	<u>8,956,700</u>
14	GROSS APPROPRIATION.....	\$	8,956,700
15	Appropriated from:		
16	Federal revenues:		
17	USDA-multiple grants.....		836,200
18	HHS-FDA.....		44,200
19	Special revenue funds:		
20	Animal welfare fund.....		209,600
21	Agriculture licensing and inspection fees.....		123,100
22	State general fund/general purpose.....	\$	7,743,600
23	<b>Sec. 105. PESTICIDE AND PLANT PEST MANAGEMENT</b>		
24	Full-time equated classified positions.....		81.0
25	Pesticide and plant pest management--77.0 FTE		
26	positions .....	\$	10,610,100
27	Producer security/grain dealers--4.0 FTE positions ...		<u>574,200</u>

1	GROSS APPROPRIATION.....	\$	11,184,300
2	Appropriated from:		
3	Federal revenues:		
4	USDA-multiple grants.....		1,166,100
5	EPA-multiple grants.....		769,500
6	HHS-FDA.....		113,700
7	Special revenue funds:		
8	Private-slow the spread foundation.....		86,800
9	Commodity inspection fees.....		566,300
10	Grain dealer's fee fund.....		535,200
11	Horticulture fund.....		75,800
12	Industry support funds.....		350,800
13	Agriculture licensing and inspection fees.....		3,866,700
14	State general fund/general purpose.....	\$	3,653,400
15	<b>Sec. 106. ENVIRONMENTAL STEWARDSHIP</b>		
16	Full-time equated classified positions.....	50.0	
17	Environmental stewardship--18.0 FTE positions.....	\$	6,146,400
18	Michigan agricultural environmental assurance		
19	program--7.0 FTE positions .....		1,621,500
20	Farmland and open space preservation--9.0 FTE		
21	positions .....		872,000
22	Local conservation districts.....		100
23	Migrant labor housing--9.0 FTE positions.....		1,156,900
24	Right-to-farm--3.0 FTE positions.....		555,100
25	Intercounty drains--4.0 FTE positions.....		<u>453,100</u>
26	GROSS APPROPRIATION.....	\$	10,805,100
27	Appropriated from:		

1	Interdepartmental grant revenues:	
2	IDG-MDNRE, biosolids.....	107,000
3	Federal revenues:	
4	USDA-multiple grants.....	1,035,200
5	EPA-multiple grants.....	373,800
6	Special revenue funds:	
7	Agriculture preservation fund.....	872,000
8	Freshwater protection fund.....	5,061,300
9	Migratory labor housing fund.....	157,000
10	State general fund/general purpose.....	\$ 3,198,800
11	<b>Sec. 107. LABORATORY PROGRAM</b>	
12	Full-time equated classified positions.....	90.0
13	Laboratory services--38.0 FTE positions.....	\$ 5,686,400
14	USDA monitoring program--13.0 FTE positions.....	2,548,700
15	Consumer protection program--39.0 FTE positions.....	<u>5,667,300</u>
16	GROSS APPROPRIATION.....	\$ 13,902,400
17	Appropriated from:	
18	Interdepartmental grant revenues:	
19	IDG from LARA (LCC), liquor quality testing fees.....	206,900
20	Federal revenues:	
21	USDA-multiple grants.....	2,549,600
22	EPA-multiple grants.....	384,100
23	HHS-FDA.....	593,800
24	Special revenue funds:	
25	Agriculture equine industry development fund.....	592,400
26	Gasoline inspection and testing fund.....	2,540,700
27	Agriculture licensing and inspection fees.....	87,100

1	Refined petroleum fund.....		3,691,700
2	Renewable fuels fund.....		50,000
3	Testing fees.....		475,300
4	Weights and measures regulation fees.....		771,400
5	State general fund/general purpose.....	\$	1,959,400
6	<b>Sec. 108. AGRICULTURAL DEVELOPMENT</b>		
7	Full-time equated classified positions.....	13.0	
8	Agricultural development--10.0 FTE positions.....	\$	2,712,000
9	Grape and wine program--3.0 FTE positions.....		<u>788,600</u>
10	GROSS APPROPRIATION.....	\$	3,500,600
11	Appropriated from:		
12	Federal revenues:		
13	USDA-multiple grants.....		1,566,800
14	Special revenue funds:		
15	Industry support funds.....		148,800
16	Nonretail liquor fees.....		744,300
17	State general fund/general purpose.....	\$	1,040,700
18	<b>Sec. 109. FAIRS AND EXPOSITIONS</b>		
19	Full-time equated classified positions.....	3.0	
20	Horse racing grant program administration--3.0 FTE		
21	positions .....	\$	351,100
22	Purses and supplements - fairs/licensed tracks.....		708,300
23	Licensed tracks - light horse racing.....		40,300
24	Standardbred breeders' awards.....		285,900
25	Standardbred purses and supplements - licensed tracks		527,800
26	Standardbred sire stakes.....		239,000
27	Thoroughbred supplements - licensed tracks.....		385,900



1	Thoroughbred breeders' awards .....	358,600
2	Thoroughbred sire stakes .....	<u>244,800</u>
3	GROSS APPROPRIATION .....	\$ 3,141,700
4	Appropriated from:	
5	Special revenue funds:	
6	Agriculture equine industry development fund .....	3,141,700
7	State general fund/general purpose .....	\$ 0
8	<b>Sec. 110. INFORMATION AND TECHNOLOGY</b>	
9	Information technology services and projects .....	\$ <u>1,404,900</u>
10	GROSS APPROPRIATION .....	\$ 1,404,900
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	IDG from LARA (LCC), liquor quality testing fees .....	3,000
14	Special revenue funds:	
15	Agriculture preservation fund .....	200
16	Agriculture equine industry development fund .....	100,800
17	Freshwater protection fund .....	100
18	Gasoline inspection testing fund .....	29,500
19	Agriculture licensing and inspection fees .....	30,400
20	Nonretail liquor fees .....	500
21	State general fund/general purpose .....	\$ 1,240,400
22	<b>Sec. 111. CAPITAL OUTLAY</b>	
23	Farmland and open space development acquisition .....	\$ <u>500,000</u>
24	GROSS APPROPRIATION .....	\$ 500,000
25	Appropriated from:	
26	Special revenue funds:	
27	Agriculture preservation fund .....	500,000

1	State general fund/general purpose .....	\$	0
2	<b>Sec. 112. ONE-TIME BASIS APPROPRIATIONS</b>		
3	State employee lump-sum payments .....	\$	470,300
4	Private forestry program .....		600,000
5	Rural development value-added grants .....		2,100,000
6	New food safety requirements .....		500,000
7	County fairs capital improvement grants .....		181,600
8	Antrim County water supply project .....		<u>100</u>
9	GROSS APPROPRIATION .....	\$	3,852,000
10	Appropriated from:		
11	Interdepartmental grant revenues .....		2,400
12	Federal revenues .....		85,000
13	Private revenues .....		1,500
14	State restricted revenues .....		146,100
15	State general fund/general purpose .....	\$	3,617,000

16 PART 2

17 PROVISIONS CONCERNING APPROPRIATIONS

18 FOR FISCAL YEAR 2012-2013

19 **GENERAL SECTIONS**

20 Sec. 201. Pursuant to section 30 of article IX of the state  
 21 constitution of 1963, total state spending from state resources  
 22 under part 1 for fiscal year 2012-2013 is \$64,571,600.00 and state  
 23 spending from state resources to be paid to local units of  
 24 government for fiscal year 2012-2013 is \$1,500,000.00. The itemized  
 25 statement below identifies appropriations from which spending to

1 local units of government will occur:

2 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

3 Environmental protection..... \$ 1,500,000

4 TOTAL..... \$ 1,500,000

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

8 Sec. 203. As used in this act:

9 (a) "Department" means the department of agriculture and rural  
10 development.

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

12 (c) "EPA" means the United States environmental protection  
13 agency.

14 (d) "FTE" means full-time equated.

15 (e) "HHS-FDA" means the United States department of health and  
16 human services - food and drug administration.

17 (f) "IDG" means interdepartmental grant.

18 (g) "LARA" means the Michigan department of licensing and  
19 regulatory affairs.

20 (h) "MDEQ" means the Michigan department of environmental  
21 quality.

22 (i) "USDA" means the United States department of agriculture.

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

1 1984 PA 431, MCL 18.1393.

2 (2) In addition to the funds appropriated in part 1, there is  
3 appropriated an amount not to exceed \$6,000,000.00 for state  
4 restricted contingency funds. These funds are not available for  
5 expenditure until they have been transferred to another line item  
6 in this act under section 393(2) of the management and budget act,  
7 1984 PA 431, MCL 18.1393.

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

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

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

26 Sec. 209. Funds appropriated in part 1 shall not be used for  
27 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. 212. The department and agencies receiving appropriations  
10 in part 1 shall receive and retain copies of all reports funded  
11 from appropriations in part 1. Federal and state guidelines for  
12 short-term and long-term retention of records shall be followed.  
13 The department may electronically retain copies of reports unless  
14 otherwise required by federal and state guidelines.

15       Sec. 215. The department shall not take disciplinary action  
16 against an employee for communicating with a member of the  
17 legislature or his or her staff.

18       Sec. 228. Not later than November 15, the department shall  
19 prepare and transmit a report that provides for estimates of the  
20 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 of representatives standing committees on  
26 appropriations, and the senate and house fiscal agencies.

27       Sec. 229. Within 14 days after the release of the executive

1 budget recommendation, the department shall provide the state  
2 budget director, the senate and house appropriations chairs, the  
3 senate and house appropriations subcommittees on agriculture and  
4 rural development, respectively, and the senate and house fiscal  
5 agencies with an annual report on estimated state restricted fund  
6 balances, state restricted fund projected revenues, and state  
7 restricted fund expenditures for the fiscal years ending September  
8 30, 2012 and September 30, 2013.

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

#### 15   EXECUTIVE

16       Sec. 301. (1) Pursuant to the appropriations in part 1, the  
17 department may receive and expend revenue and use that revenue to  
18 cover necessary expenses related to publications, audit and  
19 licensing functions, livestock sales, certification of nursery  
20 stock, and laboratory analyses as specified in the following:

21       (a) Management services publications.

22       (b) Management services audit and licensing functions.

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

25       (d) Pesticide and plant pest management grading services.

26       (e) Laboratory support testing for testing horses in draft

1 horse pulling contests at county fairs when local jurisdictions  
2 request state assistance.

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

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

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

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

13 (2) The department shall notify the senate and house  
14 appropriations subcommittees on agriculture and rural development  
15 and the senate and house fiscal agencies 30 days prior to proposing  
16 changes in fees authorized under this section or under section 5 of  
17 1915 PA 91, MCL 285.35.

18 (3) Annually, before February 1, the department shall provide  
19 a report to the senate and house appropriations subcommittees on  
20 agriculture and rural development and the senate and house fiscal  
21 agencies detailing all the fees charged by the department under the  
22 authorization provided in this section, including, but not limited  
23 to, rates, number of individuals paying each fee, and the revenue  
24 generated by each fee in the previous fiscal year.

25 Sec. 302. Of the funds appropriated in part 1 that are other  
26 than line-item grants, the department shall not provide grants to  
27 local government agencies, institutions of higher education, or

1 nonprofit organizations unless the department provides notice of  
2 the grant to the senate and house appropriations subcommittees on  
3 agriculture and rural development at least 10 days before the grant  
4 is issued. The grants shall be used to support research or other  
5 related activities for the purpose of enhancing the agricultural  
6 industries in this state.

#### 7 **FOOD AND DAIRY**

8       Sec. 402. Not later than April 1, 2013, the department shall  
9 provide a report to the senate and house appropriations  
10 subcommittees on agriculture and rural development and the senate  
11 and house fiscal agencies describing significant food-borne  
12 outbreaks and emergencies, including any enforcement actions taken  
13 related to food safety during the 2011-2012 fiscal year.

#### 14 **ANIMAL INDUSTRY**

15       Sec. 450. From the funds appropriated in part 1 for the bovine  
16 tuberculosis program, the department shall reimburse the department  
17 of natural resources for those costs associated with monitoring and  
18 testing wildlife for bovine tuberculosis that are necessary to  
19 support the department goals and are jointly agreed to by the  
20 department and the department of natural resources to be in excess  
21 of efforts necessary to effectively plan and execute the  
22 eradication of bovine tuberculosis from Michigan's wild free-  
23 ranging deer herd.

24       Sec. 451. From the funds appropriated in part 1 for bovine  
25 tuberculosis, the department shall pay for all whole herd testing



1 costs and individual animal testing costs in the modified  
2 accredited zone to maintain split-state status requirements. These  
3 costs include indemnity and compensation for injury causing death  
4 or downer to animals.

5       Sec. 453. (1) Of the funds appropriated in part 1, the  
6 department may provide for indemnity as provided for pursuant to  
7 the animal industry act, 1988 PA 466, MCL 287.701 to 287.746, not  
8 to exceed \$100,000.00 per order from any line item for the fiscal  
9 year ending September 30, 2013. Before the department provides for  
10 an indemnification under this section, the department shall report  
11 the reason for the indemnification, the amount of the  
12 indemnification, and to whom the indemnification is to be paid. The  
13 report shall be given to each member of the senate and house  
14 appropriations subcommittees on agriculture and rural development  
15 and to the senate and house fiscal agencies and to the state budget  
16 director.

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

1 made pursuant to this subsection.

2       Sec. 454. The department shall use its resources to  
3 collaborate with the United States department of agriculture to  
4 obtain TB-free status for the area of the Lower Peninsula that is  
5 zoned as modified accredited advanced. The department shall also  
6 aggressively work toward eradicating bovine TB in the modified  
7 accredited zone. The department shall also convene a workgroup to  
8 work toward eradicating bovine TB in the modified accredited zone.

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, 2012, 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 rural development, and the senate  
18 and house fiscal agencies on the department's progress toward  
19 meeting the USDA requirements as outlined in the March 2007 bovine  
20 TB program 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; efforts to work  
25 with slaughter facilities in Michigan, as well as those that  
26 slaughter a significant number of animals from Michigan;  
27 educational programs and information for Michigan's livestock

1 community; any other item the legislature should be aware of that  
2 will promote or hinder efforts to achieve bovine TB-free status for  
3 Michigan.

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

#### 12 **PESTICIDE AND PLANT PEST MANAGEMENT**

13 Sec. 551. (1) It is the intent of the legislature that the  
14 department work with the fruit and vegetable industry to ensure the  
15 development of a sustainable system of third-party inspections of  
16 fruits and vegetables.

17 (2) From the funds appropriated in part 1 for pesticide and  
18 plant pest management, not less than \$200,000.00 shall be used for  
19 the purpose to ensure that Michigan commodities receive  
20 departmental inspections required by other governments to ship  
21 commodities out of Michigan. The department shall devise a plan to  
22 provide these required government inspections in a timely manner.

#### 23 **ENVIRONMENTAL STEWARDSHIP**

24 Sec. 601. The part 1 appropriation line item environmental  
25 stewardship shall be used to support department agriculture

1 pollution prevention programs, including groundwater and freshwater  
2 protection programs under part 87 of the Michigan natural resources  
3 and environmental protection act, 1994 PA 451, MCL 324.8701 to  
4 324.8717, and technical assistance in implementing conservation  
5 grants available under the federal farm bill of 2008.

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

9 Sec. 607. (1) It is the intent of the legislature that the  
10 department continue its activities in support of intercounty  
11 drainage districts as provided in chapter 5 of the drain code of  
12 1956, 1956 PA 40, MCL 280.101 to 280.106.

13 (2) The department shall work with representatives of  
14 intercounty drainage districts to develop a mutually agreeable  
15 method of funding department costs associated with the intercounty  
16 drainage program.

#### 17 **AGRICULTURE DEVELOPMENT**

18 Sec. 706. Not later than April 1, 2013, the department shall  
19 provide a report to the senate and house appropriations  
20 subcommittees on agriculture and rural development and the senate  
21 and house fiscal agencies describing the department's agriculture  
22 development and export market development activities. The report  
23 shall identify grants awarded during the prior fiscal year,  
24 including a description of federal or private funds made available  
25 as a result of department activities.

26 Sec. 709. (1) Not later than April 1, 2013, the department

1 shall provide a report to the senate and house appropriations  
2 subcommittees on agriculture and rural development and the senate  
3 and house fiscal agencies describing the activities of the grape  
4 and wine industry council established under section 303 of the  
5 Michigan liquor control act of 1998, 1998 PA 58, MCL 436.1303.

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

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

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

12 (c) Grants awarded during the prior fiscal year and the  
13 results of research grant projects completed during the prior  
14 fiscal year.

#### 15 **FAIRS AND EXPOSITIONS**

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

21 Sec. 802. All appropriations from the agriculture equine  
22 industry development fund, except for the racing commission and  
23 laboratory analysis program appropriations, shall be reduced  
24 proportionately if revenues to the agriculture equine industry  
25 development fund decline during the fiscal year ending September  
26 30, 2012 to a level lower than the amounts appropriated in section

1 108.

2 **CAPITAL OUTLAY**

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

10 (2) The state budget director may authorize that funds  
11 appropriated for lump-sum appropriations shall be available for no  
12 more than 3 fiscal years following the fiscal year in which the  
13 original appropriation was made. Any remaining balance from  
14 allocations made in this section shall lapse to the fund from which  
15 it was appropriated pursuant to the lapsing of funds as provided in  
16 the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

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

21 **ONE-TIME BASIS ONLY APPROPRIATIONS**

22 Sec. 1101. (1) The department shall establish and administer a  
23 rural development value-added grant program. The program shall  
24 promote the expansion of value-added agricultural production,  
25 processing, and access within the state.

1           (2) The department shall award grants on a competitive basis  
2 from the funds appropriated in part 1 for rural development value-  
3 added grants. Grantees will be required to provide a cash match and  
4 identify measurable project outcomes. Eligible grantees may  
5 include, but are not limited to, individuals, partnerships,  
6 cooperatives, private or public corporations, and local units of  
7 government.

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

13           (4) The department may expend money from the funds  
14 appropriated in part 1 for the rural development valued-added  
15 grants for administering the program.

16           (5) The unexpended portion of the rural development value-  
17 added grant program is considered a work project appropriation in  
18 accordance with the management and budget act, 1984 PA 431, MCL  
19 18.1101 to 18.1594.

20           (6) The department shall provide an interim report no later  
21 than March 15, 2013 and year-end report no later than September 30,  
22 2013 to the senate and house appropriations subcommittees on  
23 agriculture and rural development and the senate and house fiscal  
24 agencies, including the grantees, award amount, match funding, and  
25 project outcomes.

26           Sec. 1102. (1) The department shall establish and administer a  
27 county fairs capital improvement grant program. The program shall

1 assist in the promotion of building improvements or other capital  
2 improvements at county fairgrounds of the state.

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

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

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

14 (5) The unexpended portion of the county fairs capital  
15 improvement grant program is considered a work project  
16 appropriation in accordance with the management and budget act,  
17 1984 PA 431, MCL 18.1101 to 18.1594.

18 (6) The department shall provide an interim report no later  
19 than March 15, 2013 and a year-end report no later than September  
20 30, 2013 to the senate and house appropriations subcommittees on  
21 agriculture and rural development and the senate and house fiscal  
22 agencies, including the grantees, award amount, match funding, and  
23 project outcomes.

24 Sec. 1103. (1) The appropriations in part 1 for private  
25 forestry program is for the purpose of increasing the knowledge of  
26 nonindustrial private forestland owners of sound forest management  
27 practices and increasing the amount of commercial timber production



1 from those lands.

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

6 PART 2A  
7 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS  
8 FOR FISCAL YEAR 2013-2014

9 **GENERAL SECTIONS**

10 Sec. 1201. It is the intent of the legislature to provide  
11 appropriations for the fiscal year ending on September 30, 2014 for  
12 the line items listed in part 1. The fiscal year 2013-2014  
13 appropriations are anticipated to be the same as those for fiscal  
14 year 2012-2013, except that the line items will be adjusted for  
15 changes in caseload and related costs, federal fund match rates,  
16 economic factors, and available revenue. These adjustments will be  
17 determined after the January 2013 consensus revenue estimating  
18 conference.