

**FY 2019-20: AGRICULTURE AND RURAL DEVELOPMENT**  
**Summary: Conference Report**  
**House Bill 4229 (H-3) CR-1\***



**Analyst: William E. Hamilton**

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Conference	Difference: Conference From FY 2018-19 YTD	
						Amount	%
<b>IDG/IDT</b>	\$313,900	\$318,400	\$1,315,700	\$318,400	\$1,315,700	\$1,001,800	319.1
<b>Federal</b>	11,775,200	11,836,400	11,836,400	11,836,400	12,636,400	861,200	7.3
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	101,800	101,800	101,800	101,800	101,800	0	0.0
<b>Restricted</b>	37,172,000	39,653,700	41,634,400	39,653,700	41,383,700	4,211,700	11.3
<b>GF/GP</b>	60,835,200	57,920,200	54,343,300	60,835,200	57,200,000	(3,635,200)	(6.0)
<b>Gross</b>	<b>\$110,198,100</b>	<b>\$109,830,500</b>	<b>\$109,231,600</b>	<b>\$112,745,500</b>	<b>\$112,637,600</b>	<b>\$2,439,500</b>	<b>2.2</b>
<b>FTEs</b>	508.5	509.5	507.5	509.5	514.0	5.5	1.1

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) House means House Bill 4229 (H-3), as reported by House Appropriations Committee. (4) Senate means Senate Bill 133 (S-1), as passed by the Senate.

**Overview**

The Michigan Department of Agriculture and Rural Development's (MDARD) key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, consumer protection, and promoting the state's agricultural economy.

**Major Budget Changes From FY 2018-19 YTD Appropriations**

**1. Emergency Management/Contamination Response**

FY 2018-19 supplemental appropriation act, 2018 PA 618, included \$400,000 GF/GP and 2.0 FTE positions related to MDARD environmental contamination response activities. Of this funding, \$200,000 and 1.0 FTE was shown as a one-time appropriation for Emergency management. The FY 2018-19 YTD column to the right represents both ongoing line item funding of \$1.1 million (and 4.0 FTE positions), and the additional \$200,000 GF/GP (and 1.0 FTE position) included in the supplemental. Executive would carry the one-time \$200,000 and 1.0 FTE position into FY 2019-20 as an ongoing baseline increase. Senate concurs with Executive. House does not include funding or FTE authorization associated with a contamination coordinator position; the House is \$200,000 GF/GP and 1.0 FTE less than Executive – exclusive of economic adjustments. Conference concurs with House and does not recognize funding or FTE increase.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Conference Change
FTE	5.0	(1.0)
<b>Gross</b>	<b>\$1,293,300</b>	<b>(\$200,000)</b>
Federal	438,100	0
GF/GP	\$855,200	(\$200,000)

**2. Food Safety and Quality Assurance**

Executive made no changes to baseline funding exclusive of economics and internal fund shifts. Senate concurs with Executive. House made \$134,400 GF/GP administrative reduction. (See description of administrative reductions, Item # 20, below.) Conference concurs with Senate; also includes an additional \$300,000 federal and 2.0 FTE positions to recognize federal HHS grant related to federal Food Safety Modernization Act program.

	FTE	
FTE	96.0	2.0
<b>Gross</b>	<b>\$16,602,900</b>	<b>\$300,000</b>
Federal	2,343,600	300,000
Restricted	5,554,000	0
GF/GP	\$8,705,300	\$0

		<b>FY 2018-19 Year-to-Date (as of 3/5/19)</b>	<b>FY 2019-20 Conference Change</b>
<b><u>Major Budget Changes From FY 2018-19 YTD Appropriations</u></b>			
<b>3. Animal Disease Prevention and Response</b>	FTE	61.0	0.0
<u>Executive</u> made no changes to baseline funding exclusive of economics.	<b>Gross</b>	<b>\$9,356,900</b>	<b>(\$400,000)</b>
<u>Senate</u> reduces baseline GF/GP support by \$2.3 million. <u>House</u> makes	Federal	618,000	0
\$85,400 GF/GP administrative reduction. (See description of	Private	30,500	0
administrative reductions, Item #20, below.) <u>Conference</u> includes	Restricted	220,300	0
baseline reduction of \$400,000 GF/GP.	GF/GP	\$8,488,100	(\$400,000)
<b>4. Indemnification – Livestock Depredation</b>	<b>Gross</b>	<b>\$50,000</b>	<b>(\$25,000)</b>
<u>Executive</u> retains current year funding for a program that reimburses	GF/GP	\$50,000	(\$25,000)
eligible livestock producers for animals lost to depredation by wildlife, a			
program authorized under the Wildlife Depredations Indemnification Act			
(Public Act 487 of 2012). <u>Senate</u> concurs with Executive. <u>House</u>			
reduces funding to \$25,000. <u>Conference</u> concurs with House and			
reduces funding.			
<b>5. Michigan Animal Agriculture Alliance (MAAA)</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$1,000,000</b>
This line, which supports a Michigan State University (MSU) animal	GF/GP	\$2,000,000	\$1,000,000
industry research grant program, was funded at \$2.0 million GF/GP in			
the one-time only unit of the current year budget (as Animal Agriculture			
Initiative). <u>Executive</u> did not include as either one-time or ongoing for			
FY 2019-20. <u>Senate</u> includes \$3.0 million GF/GP. <u>House</u> includes \$1.0			
million GF/GP. <u>Conference</u> concurs with Senate.			
<b>6. Pesticide Plant Pest Management (PPPM)/Animal Feed Safety</b>	FTE	87.0	1.0
<u>Executive</u> includes additional \$150,000 GF/GP and 1.0 FTE position for	<b>Gross</b>	<b>\$14,172,700</b>	<b>(\$500,000)</b>
department activities related to Industrial Hemp licensing and regulatory	Federal	1,686,900	0
program; also reflects shift of 1.0 FTE from Laboratory to PPPM. <u>Senate</u>	Private	21,300	0
concurs with the Executive with respect to funding and FTE position for	Restricted	6,737,900	1,000,000
Industrial Hemp program. <u>Senate</u> also unrolls the current single line item	GF/GP	\$5,726,600	(\$1,500,000)
into two line items: Pesticide and Plant Pest Management (\$12.3 million			
Gross, \$5.2 million GF/GP), and Animal Feed Safety (\$1.8 million Gross,			
\$300,000 GF/GP). Total GF/GP funding for the two lines in Senate bill			
is \$500,000 less than current year baseline. <u>House</u> made \$123,200			
GF/GP administrative reduction. (See description of administrative			
reductions Item # 20, below). <u>House</u> also offsets \$1.0 million GF/GP			
reduction with \$1.0 million increase in restricted Agriculture Licensing			
and Inspection fee support. <u>Conference</u> concurs with Senate budget			
unrolling and the \$500,000 GF/GP reduction. Conference also replaces			
\$1.0 million GF/GP with restricted Agriculture Licensing and Inspection			
fee revenue. Conference includes funding and FTE positions related to			
Industrial Hemp program in one-time funding unit. (See Item #18, below,			
for description of funding related to the Industrial Hemp Program.)			
<b>7. Environmental Stewardship/MAEAP</b>	FTE	25.0	0.0
<u>Executive</u> makes no change to baseline funding. <u>House</u> makes \$35,000	<b>Gross</b>	<b>\$10,191,300</b>	<b>\$500,000</b>
GF/GP administrative reduction. (See description of administrative	Federal	1,479,100	500,000
reductions, Item #20, below.) <u>House</u> offsets \$980,700 GF/GP with	Restricted	7,714,900	520,000
restricted Freshwater Protection Fund support; also provides \$105,700	GF/GP	\$997,300	(\$520,000)
GF/GP increase in baseline funding. <u>Senate</u> concurs with Executive.			
<u>Conference</u> replaces \$520,000 GF/GP with restricted Freshwater			
Protection Fund support; includes additional \$500,000 in federal funds			
to recognize additional USDA grant for Conservation Technical			
Assistance Initiative (CTAI).			

<b>Major Budget Changes From FY 2018-19 YTD Appropriations</b>		<b>FY 2018-19 Year-to-Date (as of 3/5/19)</b>	<b>FY 2019-20 Conference Change</b>
<b>8. Farmland and Open Space Preservation</b>			
	FTE	10.0	0.0
This program, commonly referred to as the PA 116 program, provides tax credits to qualified farmers and landowners who agree to certain restrictions on development rights. Farmland and Open Space line item supports MDARD administration of the program. <u>Executive</u> retains baseline funding. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> makes \$14,000 GF/GP administrative reduction. (See description of administrative reductions Item #20, below.) <u>House</u> also replaces \$100,000 GF/GP with restricted Agricultural Preservation Fund support. <u>Conference</u> concurs with <u>House</u> .	<b>Gross</b>	<b>\$1,545,000</b>	<b>\$0</b>
	Restricted	1,425,700	100,000
	GF/GP	\$119,300	(\$100,000)
<b>9. Agriculture Preservation Easement Grants</b>			
	<b>Gross</b>	<b>\$0</b>	<b>\$1,900,000</b>
<u>Executive</u> proposes \$2.0 million from the state restricted Agriculture Preservation Fund to provide grants to local units of government for the purchase of agricultural conservation easements, as authorized under Part 362 of the Natural Resources and Environmental Protection Act. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> includes \$1.9 million, effectively shifting \$100,000 restricted Agricultural Preservation Fund revenue to Farmland and Open Space line item (see Item #8, above). <u>Conference</u> concurs with <u>House</u> .	Restricted	0	1,900,000
	GF/GP	\$0	\$0
<b>10. Migrant Labor Housing</b>			
	FTE	9.0	0.0
<u>Executive</u> increases baseline GF/GP support by \$50,000. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> makes \$12,600 GF/GP administrative reduction. (See description of administrative reductions Item #20, below.) <u>Conference</u> concurs with <u>Senate</u> .	<b>Gross</b>	<b>\$1,231,100</b>	<b>\$50,000</b>
	Restricted	140,100	0
	GF/GP	\$1,091,000	\$50,000
<b>11. Qualified Forest Program</b>			
	FTE	9.0	0.0
<u>Executive</u> reduces GF/GP support by \$126,400; recognizes \$200,000 additional restricted Private Forestland Development Fund revenue. <u>Senate</u> concurs with <u>Executive</u> changes but makes an additional \$500,000 GF/GP baseline reduction. <u>House</u> concurs with <u>Executive</u> in total but replaces \$997,300 GF/GP with \$997,300 Interdepartmental Grant (IDG) from the Department of Natural Resources Forest Development Fund. <u>Conference</u> concurs with <u>House</u> .	<b>Gross</b>	<b>\$2,590,000</b>	<b>\$73,600</b>
	IDG	0	997,300
	Restricted	581,500	200,000
	GF/GP	\$2,008,500	(\$1,123,700)
<b>12. Agriculture Development</b>			
	FTE	13.0	0.0
<u>Executive</u> increases baseline GF/GP support by \$50,000. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> makes \$18,200 GF/GP administrative reduction. (See description of administrative reductions, Item #20, below.) <u>Conference</u> concurs with <u>Senate</u> .	<b>Gross</b>	<b>\$4,253,100</b>	<b>\$50,000</b>
	Federal	2,273,200	0
	Private	50,000	0
	Restricted	135,000	0
	GF/GP	\$1,794,900	\$50,000
<b>13. Food and Agriculture Investment Grant Program</b>			
	<b>Gross</b>	<b>\$5,125,000</b>	<b>(\$1,125,000)</b>
<u>Executive</u> includes \$2.5 million GF/GP for grant program that supports food and agriculture business expansion and attraction, a \$2.6 million reduction from current year. <u>Senate</u> includes \$4.0 million GF/GP. <u>House</u> includes \$5.1 million GF/GP. <u>Conference</u> concurs with <u>Senate</u> .	GF/GP	\$5,125,000	(\$1,125,000)

		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Conference Change
<b>Major Budget Changes From FY 2018-19 YTD Appropriations</b>			
<b>14. Double Up Food Bucks</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
This program increases purchasing power of Michigan residents who receive Supplemental Nutritional Assistance Program (SNAP) benefits by providing a dollar-for-dollar match of up to \$20 per day to buy fresh fruits and vegetables at participating grocery stores and farmer's markets. <u>Executive</u> had included \$4.0 million GF/GP in its FY 2019-20 budget request: \$2.0 million as ongoing, and \$2.0 million as one-time. However, subsequent to the Executive budget presentation, \$2.0 million GF/GP was included in supplemental appropriation bill, Senate Bill 150, enacted as Public Act 28 of 2019. <u>Senate</u> includes \$2.0 million GF/GP. <u>House</u> includes \$1.0 million. <u>Conference</u> concurs with House.	GF/GP	\$0	\$1,000,000
[Because this Summary uses March 5, 2019, as the FY 2018-19 YTD baseline, the \$2.0 million in current-year supplemental funding is not shown in the FY 2018-19 YTD column to the right. However, the \$2.0 million in FY 2018-19 funding, plus the \$1.0 million provided in the Conference recommendation, would provide \$3.0 million in total funding over the two fiscal year period.]			
<b>15. County Fairs, Shows, and Expositions Grants</b>	<b>Gross</b>	<b>\$1,325,000</b>	<b>(\$325,000)</b>
This line item provides grants to county fairs, shows, and expositions. Current year includes \$400,000 in ongoing funding, plus \$925,000 shown as one-time. <u>Executive</u> includes \$200,000 GF/GP in ongoing support. <u>Senate</u> includes \$1.0 million GF/GP in ongoing funding. <u>House</u> includes \$400,000 GF/GP. <u>Conference</u> concurs with Senate.	GF/GP	\$1,325,000	(\$325,000)
<b>16. Elimination of FY 2018-19 One-Time Funding</b>	<b>Gross</b>	<b>\$1,930,000</b>	<b>(\$1,930,000)</b>
<u>Executive</u> eliminates \$1.9 million GF/GP for the following projects or programs identified in the current year budget as one-time: ACRE Ag Incubator, (\$260,000); Dairy Assistance Program, (\$1.0 million); MSU/Agriculture Industry Research and Development, (\$550,000); ODC network/Project clarity, (\$120,000).	GF/GP	\$1,930,000	(\$1,930,000)
[Note: Some items shown as one-time in the FY 2018-19 budget are reviewed separately in this analysis, specifically: Item #1, Emergency management, (\$200,000); Item #5, Animal agriculture initiative, (\$2.0 million); Item #15, County fairs, shows, and expositions, (\$925,000); and Item #18, Industrial Hemp program, (\$150,000).]			
<b>17. Farm Stress Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>
<u>Conference</u> includes \$500,000 GF/GP for new program defined in boilerplate Section 901.	GF/GP	\$0	\$500,000
<b>18. Industrial Hemp Licensing/Regulatory Program</b>	FTE	0.0	4.5
FY 2018-19 budget included \$150,000 GF/GP as one-time funding, added in supplemental bill, Senate Bill 601. The supplemental did not include the related FTE position. <u>Executive</u> retains the \$150,000 and includes 1.0 FTE as ongoing in PPPM. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include in either one-time or ongoing. <u>Conference</u> retains \$150,000 GF/GP and includes \$210,000 in new restricted revenue anticipated from Hemp program licensing and testing fees; includes 4.5 FTE positions.	<b>Gross</b>	<b>\$150,000</b>	<b>\$210,000</b>
	Restricted	0	210,000
	GF/GP	\$150,000	\$0
<b>19. Local Conservation Districts – Pilot Project</b>	<b>Gross</b>	<b>\$0</b>	<b>\$200,000</b>
<u>Senate</u> includes \$3.0 million GF/GP for new program defined in boilerplate. <u>House</u> does not include. <u>Conference</u> includes at \$200,000, defined in boilerplate Section 902.	GF/GP	\$0	\$200,000

<b><u>Major Budget Changes From FY 2018-19 YTD Appropriations</u></b>		<b><u>FY 2018-19 Year-to-Date (as of 3/5/19)</u></b>	<b><u>FY 2019-20 Conference Change</u></b>
<b>20. Administrative Reductions</b>	<b>Gross</b>	<b>NA</b>	<b>NA</b>
<u>House</u> reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies. These reductions total \$674,200. <u>Senate</u> and <u>Conference</u> do not include.	GF/GP	NA	NA
<b>21. Information Technology Reduction</b>	<b>Gross</b>	<b>\$1,794,500</b>	<b>\$0</b>
<u>Executive</u> made no changes to baseline funding exclusive of economics.	IDG	3,200	0
<u>House</u> reduces funding available for information technology services and projects by \$405,500 GF/GP. <u>Senate</u> concurs with Executive.	Restricted	187,600	0
<u>Conference</u> concurs with Senate and makes no baseline changes.	GF/GP	\$1,603,700	\$0
<b>22. Festivals and Events</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<u>House</u> includes \$50,000 GF/GP for the promotion of Michigan festivals and events. <u>Senate</u> does not include. <u>Conference</u> recognizes funding through boilerplate Section 806.	GF/GP	\$0	\$0
<b>23. Hoop House Revolving Loan Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<u>House</u> includes \$100 GF/GP placeholder to establish a hoop house revolving loan program. <u>Senate</u> and <u>Conference</u> do not include.	GF/GP	\$0	\$0
<b>24. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,075,600</b>
<u>Executive</u> reflects increased costs of \$1.0 million Gross (\$740,000 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	IDG	NA	4,500
<u>Conference</u> concurs with Senate and House.	Private	NA	0
	Federal	NA	61,200
	Restricted	NA	269,900
	GF/GP	NA	\$740,000

### **Major Boilerplate Changes From FY 2018-19**

#### **Sec. 204. Use of Internet for Reporting – REVISED**

House directs the department to notify report recipients when reports are posted to the department website. Conference concurs.

#### **Sec. 210. Contingency Appropriations – REVISED**

Conference retains contingency fund appropriations but revises contingency fund amounts as follows: federal, \$3.0 million; state restricted, \$2.0 million; local and private, \$100,000 each.

#### **Sec. 215. Communication with the Legislature – RETAINED**

Executive deletes section that prohibits department from taking disciplinary action against an employee for communicating with the legislature. House and Senate retain. Conference retains.

#### **Sec. 234. Record Retention – RETAINED**

Executive deletes section that requires department to retain reports funded from part 1 appropriations; specifies record retention guidelines. House and Senate retain. Conference retains.

#### **Sec. 451. Bovine TB Whole-Herd Testing – RETAINED**

Executive deletes section that requires department to pay for the costs of whole-herd testing and individual animal testing in the Modified Accredited Zone, including indemnity and compensation for animal injury. House and Senate retain. Conference retains.

#### **Sec. 457. Bovine TB Quarterly Report – RETAINED**

Executive deletes section that provides for quarterly report on Bovine TB program. House and Senate retain. Conference retains.

#### **Sec. 459. Bovine TB Testing, Legislative Intent – DELETED**

Executive deleted section that expresses legislative intent that department not conduct whole-herd testing of any one herd in a TB-free zone more often than once every four years, except under specific conditions. House and Senate delete. Conference deletes.

**Major Boilerplate Changes From FY 2018-19**

***Sec. 462. Apiary Protection – DELETED***

Executive deletes \$20,000 earmark for an apiary protection program. House and Senate delete. Conference deletes.

***Sec. 604. Authorization to Receive and Expend Federal Funds – RETAINED***

Executive retains section that authorizes the department to receive and expend federal funds in excess of line item appropriations for environmental stewardship and MAEAP programs. Senate deletes. House retains. Conference retains.

***Sec. 701. Food and Agriculture Investment Grant Program – REVISED***

Current language defines program goals, selection and reporting requirements. House includes new language that limits department administrative costs to 5%. Conference concurs with House; also includes hoop houses as authorized grant recipients.

***Sec. 703. Double Up Food Bucks Program – NEW***

House includes new section that directs the department work with the Department of Health and Human Services to notify eligible recipients of food assistance program benefits related to the Double Up Food Bucks program. Establishes new reporting requirement. Conference concurs with House.

***Sec. 802. Agriculture Equine Industry Development Fund (AEIDF) – RETAINED***

House retains current year language prescribing priority order of AEIDF expenditures. Conference concurs with House.

***Secs. 805 and 806. County Fair Capital Grant Program – REVISED***

House and Senate delete one-time boilerplate earmarks. Conference concurs House and Senate; also includes new boilerplate Section 806 to earmark \$50,000 for the promotion of festivals and events.

***Sec. 901. Farm Stress Program – NEW***

Conference includes new language defining use of one-time appropriation.

***Sec. 902. Local Conservation District Pilot Program – NEW***

Conference includes new language defining use of one-time appropriation. The section indicates that the appropriation for local conservation districts pilot project be used to develop a needs assessment model.