

**SUBSTITUTE FOR  
SENATE BILL NO. 863**

A bill to make appropriations for the department of agriculture and rural development for the fiscal year ending September 30, 2027; 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

Sec. 101. There is appropriated for the department of agriculture and rural development for the fiscal year ending September 30, 2027, from the following funds:

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**DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**

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**APPROPRIATION SUMMARY**

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Full-time equated unclassified positions	6.0
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1	Full-time equated classified positions	545.0	
2	<b>GROSS APPROPRIATION</b>		<b>\$ 157,047,700</b>
3	Total interdepartmental grants and		
4	intradepartmental transfers		338,600
5	<b>ADJUSTED GROSS APPROPRIATION</b>		<b>\$ 156,709,100</b>
6	Federal revenues:		
7	Total federal revenues		20,245,000
8	Special revenue funds:		
9	Total local revenues		0
10	Total private revenues		0
11	Total other state restricted revenues		59,563,700
12	<b>State general fund/general purpose</b>		<b>\$ 76,900,400</b>
13	<b>Sec. 102. DEPARTMENTAL ADMINISTRATION AND</b>		
14	<b>SUPPORT</b>		
15	Full-time equated unclassified positions	6.0	
16	Full-time equated classified positions	31.0	
17	Unclassified salaries--FTE positions	6.0	\$ 1,096,200
18	Accounting service center		1,206,700
19	Commissions and boards		23,800
20	Emergency management--FTEs	8.0	2,799,700
21	Emerging contaminants in food and agriculture--		
22	FTEs	6.0	1,368,700
23	Executive direction--FTEs	17.0	2,549,600
24	Property management		953,200
25	<b>GROSS APPROPRIATION</b>		<b>\$ 9,997,900</b>
26	Appropriated from:		
27	Federal revenues:		
28	Deferred federal revenue funding		15,000



1	HHS, multiple grants		450,200
2	USDA, multiple grants		600,000
3	Special revenue funds:		
4	Agriculture licensing and inspection fees		86,500
5	Dairy and food safety fund		321,100
6	Feed control fund		600
7	Freshwater protection fund		52,600
8	Gasoline inspection and testing fund		102,500
9	Industry support funds		58,300
10	Michigan craft beverage council fund		8,800
11	Private forestland enhancement fund		19,600
12	<b>State general fund/general purpose</b>	<b>\$</b>	<b>8,282,700</b>
13	<b>Sec. 103. INFORMATION TECHNOLOGY</b>		
14	Information technology services and projects	\$	2,832,300
15	<b>GROSS APPROPRIATION</b>	<b>\$</b>	<b>2,832,300</b>
16	Appropriated from:		
17	Special revenue funds:		
18	Agriculture licensing and inspection fees		84,600
19	Dairy and food safety fund		294,500
20	Feed control fund		20,200
21	Fertilizer control fund		200
22	Freshwater protection fund		40,100
23	Gasoline inspection and testing fund		119,700
24	Industrial hemp fund		15,000
25	Weights and measures regulation fees		100,000
26	<b>State general fund/general purpose</b>	<b>\$</b>	<b>2,158,000</b>
27	<b>Sec. 104. FOOD SAFETY AND ANIMAL HEALTH</b>		
28	Full-time equated classified positions		212.0



1	Animal disease prevention and response--FTEs	63.0	\$	11,360,700
2	Animal feed safety--FTEs	10.0		2,165,200
3	Food safety and quality assurance--FTEs	103.0		18,656,600
4	Indemnification - livestock depredation			15,000
5	Milk safety and quality assurance--FTEs	36.0		6,160,700
6	<b>GROSS APPROPRIATION</b>		<b>\$</b>	<b>38,358,200</b>
7	Appropriated from:			
8	Federal revenues:			
9	HHS, multiple grants			2,952,100
10	USDA, multiple grants			1,211,300
11	Special revenue funds:			
12	Agriculture licensing and inspection fees			89,800
13	Animal welfare fund			150,000
14	Consumer and industry food safety education			
15	fund			242,500
16	Dairy and food safety fund			9,186,500
17	Feed control fund			1,478,300
18	Industry food safety education fund			114,100
19	Marihuana regulatory fund			50,500
20	<b>State general fund/general purpose</b>		<b>\$</b>	<b>22,883,100</b>
21	<b>Sec. 105. ENVIRONMENT AND SUSTAINABILITY</b>			
22	Full-time equated classified positions	117.5		
23	Environmental stewardship - MAEAP--FTEs	27.0	\$	11,175,800
24	Local conservation districts			3,000,000
25	Pesticide and plant pest management--FTEs	79.0		14,032,100
26	Right-to-farm--FTEs	6.5		1,073,500
27	Soil health/regenerative agriculture--FTEs	5.0		2,066,000
28	<b>GROSS APPROPRIATION</b>		<b>\$</b>	<b>31,347,400</b>



1	Appropriated from:		
2	Interdepartmental grant revenues:		
3	IDG from MDEGLE, biosolids		97,800
4	Federal revenues:		
5	Department of interior		96,300
6	EPA, multiple grants		1,093,100
7	USDA, multiple grants		2,199,900
8	Special revenue funds:		
9	Agriculture licensing and inspection fees		4,110,900
10	Fertilizer control fund		1,417,800
11	Freshwater protection fund		8,600,600
12	Horticulture fund		70,000
13	Industrial hemp fund		592,300
14	Industry support funds		228,100
15	<b>State general fund/general purpose</b>	<b>\$</b>	<b>12,840,600</b>
16	<b>Sec. 106. AGRICULTURE DEVELOPMENT</b>		
17	Full-time equated classified positions	71.0	
18	Agricultural preservation easement grants		\$ 1,900,000
19	Agricultural support--FTEs	5.0	919,900
20	Agriculture development--FTEs	16.0	4,927,800
21	Farm to family--FTEs	6.0	3,021,100
22	Farmland and open space preservation--FTEs	10.0	1,639,800
23	Food and agriculture investment program		2,449,300
24	Food and agriculture supply chain--FTE	1.0	305,000
25	Fruit and vegetable inspections--FTEs	8.0	1,330,400
26	Intercounty drain--FTEs	5.0	910,700
27	Michigan craft beverage council--FTE	1.0	1,353,000
28	Migrant labor housing--FTEs	9.0	1,433,500



1	Michigan local food, farm, and nutrition		
2	programs		8,000,000
3	Producer security/grain dealers--FTEs	6.0	1,059,800
4	Qualified forest program--FTEs	4.0	8,147,600
5	<b>GROSS APPROPRIATION</b>		<b>\$ 37,397,900</b>
6	Appropriated from:		
7	Federal revenues:		
8	USDA, multiple grants		8,091,600
9	Special revenue funds:		
10	Agricultural preservation fund		3,539,800
11	Agriculture licensing and inspection fees		5,100
12	Commodity inspection fees		708,900
13	Grain dealers fee fund		897,500
14	Industry support funds		227,400
15	Michigan craft beverage council fund		1,323,000
16	Migratory labor housing fund		147,800
17	Private forestland enhancement fund		1,380,100
18	State school aid revenue		4,000,000
19	<b>State general fund/general purpose</b>		<b>\$ 17,076,700</b>
20	<b>Sec. 107. LABORATORY AND CONSUMER PROTECTION</b>		
21	Full-time equated classified positions	113.5	
22	Consumer protection program--FTEs	39.0	\$ 7,104,200
23	Integrated solutions--FTEs	25.0	3,925,400
24	Laboratory services--FTEs	40.5	8,545,900
25	USDA monitoring--FTEs	9.0	1,774,300
26	<b>GROSS APPROPRIATION</b>		<b>\$ 21,349,800</b>
27	Appropriated from:		
28	Interdepartmental grant revenues:		



1	IDG from LARA (LCC), liquor quality testing	
2	fees	240,800
3	Federal revenues:	
4	EPA, multiple grants	180,600
5	HHS, multiple grants	1,579,400
6	USDA, multiple grants	1,775,500
7	Special revenue funds:	
8	Agriculture licensing and inspection fees	440,000
9	Agriculture preservation fund	44,600
10	Dairy and food safety fund	959,800
11	Feed control fund	157,000
12	Fertilizer control fund	23,500
13	Freshwater protection fund	133,800
14	Gasoline inspection and testing fund	2,281,500
15	Grain dealers fee fund	8,400
16	Industrial hemp fund	322,200
17	Migratory labor housing fund	29,900
18	Refined petroleum fund	3,620,400
19	Testing fees	365,000
20	Weights and measures regulation fees	778,100
21	<b>State general fund/general purpose</b>	<b>\$ 8,409,300</b>
22	<b>Sec. 108. FAIRS AND EXPOSITIONS</b>	
23	County fairs, shows, and expositions	\$ 250,000
24	Fairs and racing	376,600
25	Horse racing advisory commission	125,000
26	Purses and supplements - fairs/licensed tracks	3,017,600
27	Standardbred breeders' awards	503,900



1	Standardbred purses and supplements - licensed		
2	tracks		1,441,100
3	Standardbred sire stakes		1,050,000
4	<b>GROSS APPROPRIATION</b>	<b>\$</b>	<b>6,764,200</b>
5	Appropriated from:		
6	Special revenue funds:		
7	Agriculture equine industry development fund		6,514,200
8	<b>State general fund/general purpose</b>	<b>\$</b>	<b>250,000</b>
9	<b>Sec. 109. ONE-TIME APPROPRIATIONS</b>		
10	Farmer-owned meat processor grants	\$	4,000,000
11	Michigan animal agriculture alliance		3,000,000
12	Michigan local food, farm, and nutrition		
13	programs		2,000,000
14	<b>GROSS APPROPRIATION</b>	<b>\$</b>	<b>9,000,000</b>
15	Appropriated from:		
16	Special revenue funds:		
17	Dairy and food safety fund		4,000,000
18	<b>State general fund/general purpose</b>	<b>\$</b>	<b>5,000,000</b>

## PART 2

## PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2026-2027

**GENERAL SECTIONS**

24 Sec. 201. In accordance with section 30 of article IX of the  
25 state constitution of 1963, for the fiscal year ending September  
26 30, 2027, total state spending under part 1 from state sources is  
27 \$136,464,100.00 and total state spending under part 1 from state  
28 sources to be paid to local units of government is \$11,800,000.00.  
29 The following itemized statement identifies appropriations from



1 which spending to local units of government will occur:

2 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT		
3	Agriculture preservation easement grants	\$ 1,900,000
4	Environmental stewardship/MAEAP	4,100,000
5	Local conservation districts	3,000,000
6	Qualified forest program	1,400,000
7	Rural development fund grant program	1,400,000
8	<b>TOTAL</b>	<b>\$ 11,800,000</b>

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

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

13 (a) "Department" means the department of agriculture and rural  
 14 development.

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

16 (c) "Fiscal agencies" means the Michigan house fiscal agency  
 17 and the Michigan senate fiscal agency.

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

19 (e) "IDG" means interdepartmental grant.

20 (f) "MAEAP" means the Michigan agriculture environmental  
 21 assurance program.

22 (g) "MDEGLE" means the Michigan department of environment,  
 23 Great Lakes, and energy.

24 (h) "Standard report recipients" means the house and senate  
 25 appropriations subcommittees on agriculture and rural development,  
 26 the house and senate fiscal agencies, the house and senate policy  
 27 offices, and the state budget office.

28 (i) "Subcommittees" means all members of the subcommittees of  
 29 the house and senate appropriations committees with jurisdiction



1 over the budget for the department.

2 (j) "TB" means tuberculosis.

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

4 Sec. 204. A department or agency shall use the internet to  
5 fulfill the reporting requirements of this part and shall make each  
6 report readily accessible to the public and conspicuously post each  
7 required report in a single archivable location on the department's  
8 or agency's Michigan.gov website not later than the due date  
9 required for each report. In addition to placing all reports  
10 required in the current fiscal year on the department's or agency's  
11 website, the department or agency shall maintain on its website all  
12 reports placed on the website from previous fiscal years posted by  
13 fiscal year in the same single archivable location. The department  
14 or agency shall also transmit all required reports for the current  
15 fiscal year to the standard recipients and any other required  
16 recipients by email.

17 Sec. 205. To the extent permissible under section 261 of the  
18 management and budget act, 1984 PA 431, MCL 18.1261, all of the  
19 following apply to the expenditure of funds appropriated in part 1:

20 (a) The funds must not be used for the purchase of foreign  
21 goods or services, or both, if competitively priced and of  
22 comparable quality American goods or services, or both, are  
23 available.

24 (b) Preference must be given to goods or services, or both,  
25 manufactured or provided by Michigan businesses, if they are  
26 competitively priced and of comparable quality.

27 (c) Preference must be given to goods or services, or both,  
28 that are manufactured or provided by Michigan businesses owned and  
29 operated by veterans, if they are competitively priced and of



1 comparable quality.

2 Sec. 206. The department shall not take disciplinary action  
3 against an employee of the department because the employee  
4 communicates with a member of the legislature or legislative staff,  
5 unless the communication is prohibited by law and the department is  
6 exercising its authority as provided by law.

7 Sec. 207. Consistent with section 217 of the management and  
8 budget act, 1984 PA 431, MCL 18.1217, each department and agency  
9 receiving appropriations in part 1 shall prepare a report on out-  
10 of-state travel expenses not later than January 1. The report must  
11 list all travel by classified and unclassified employees outside  
12 this state in the previous fiscal year that was funded in whole or  
13 in part with funds appropriated in the department's or agency's  
14 budget. The department shall submit the report to the standard  
15 report recipients and to the house and senate appropriations  
16 committees. The report must include all of the following  
17 information:

18 (a) The dates of each travel occurrence.

19 (b) The total transportation and related costs of each travel  
20 occurrence and the proportions funded with state general  
21 fund/general purpose revenues, state restricted revenues, federal  
22 revenues, local revenues, and other revenues.

23 Sec. 208. If the state administrative board, acting under  
24 section 3 of 1921 PA 2, MCL 17.3, transfers funds from an amount  
25 appropriated under part 1, the legislature may, by a concurrent  
26 resolution adopted by a majority of the members elected to and  
27 serving in each house, intertransfer funds within part 1 for the  
28 particular department, board, commission, officer, or institution.

29 Sec. 209. Not later than December 15, the state budget office



1 shall prepare and submit a report that provides estimates of the  
2 total general fund/general purpose appropriation lapses at the  
3 close of the previous fiscal year. The report must summarize the  
4 projected year-end general fund/general purpose appropriation  
5 lapses by major departmental program or program areas. The state  
6 budget office shall submit the report to the standard report  
7 recipients and to the chairpersons of the house and senate  
8 appropriations committees.

9       Sec. 210. (1) In addition to the funds appropriated in part 1,  
10 there is appropriated an amount not to exceed \$3,000,000.00 for  
11 federal contingency authorization. Amounts appropriated are not  
12 available for expenditure until they have been transferred to  
13 another line item in part 1 under section 393(2) of the management  
14 and budget act, 1984 PA 431, MCL 18.1393.

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

21       (3) In addition to the funds appropriated in part 1, there is  
22 appropriated an amount not to exceed \$100,000.00 for local  
23 contingency authorization. Amounts appropriated are not available  
24 for expenditure until they have been transferred to another line  
25 item in part 1 under section 393(2) of the management and budget  
26 act, 1984 PA 431, MCL 18.1393.

27       (4) In addition to the funds appropriated in part 1, there is  
28 appropriated an amount not to exceed \$100,000.00 for private  
29 contingency authorization. Amounts appropriated are not available



1 for expenditure until they have been transferred to another line  
 2 item in part 1 under section 393(2) of the management and budget  
 3 act, 1984 PA 431, MCL 18.1393.

4 Sec. 211. The department shall cooperate with the department  
 5 of technology, management, and budget to maintain a searchable  
 6 website accessible by the public at no cost that includes, but is  
 7 not limited to, all of the following for the department:

- 8 (a) Fiscal year-to-date expenditures by category.  
 9 (b) Fiscal year-to-date expenditures by appropriation unit.  
 10 (c) Fiscal year-to-date payments to a selected vendor,  
 11 including the vendor name, payment date, payment amount, and  
 12 payment description.

13 Sec. 212. Not later than 14 days after the release of the  
 14 executive budget recommendation, the department shall cooperate  
 15 with the state budget office to provide an annual report on  
 16 estimated state restricted fund balances, state restricted fund  
 17 projected revenues, and state restricted fund expenditures for the  
 18 previous 2 fiscal years. The report must be submitted to the  
 19 standard report recipients and to the chairpersons of the house and  
 20 senate appropriations committees.

21 Sec. 213. (1) Funds appropriated in part 1 must not be used to  
 22 restrict or impede a marginalized community's access to government  
 23 resources, programs, or facilities.

24 (2) From the funds appropriated in part 1, local governments  
 25 shall report any action or policy that attempts to restrict or  
 26 interfere with the duties of the local health officer.

27 Sec. 214. To the extent permissible under the management and  
 28 budget act, 1984 PA 431, MCL 18.1101 to 18.1594, the director of  
 29 each department or agency receiving appropriations in part 1, shall



1 take all reasonable steps to ensure geographically disadvantaged  
2 business enterprises compete for and perform contracts to provide  
3 services or supplies, or both. The director shall strongly  
4 encourage firms with which the department contracts to subcontract  
5 with certified geographically disadvantaged business enterprises  
6 for services, supplies, or both. As used in this section,  
7 "geographically disadvantaged business enterprises" means that term  
8 as defined in Executive Directive No. 2023-1.

9       Sec. 215. On a quarterly basis, the department or agency  
10 receiving appropriations in part 1, shall report on the number of  
11 full-time equated positions in pay status by civil service  
12 classification, including a comparison by line item of the number  
13 of full-time equated positions authorized from funds appropriated  
14 in part 1 to the actual number of full-time equated positions  
15 employed by the department at the end of the reporting period. The  
16 report must be submitted to the house and senate appropriations  
17 committees and to the standard report recipients.

18       Sec. 216. (1) The department shall maximize utilization of its  
19 in-person state workforce. The department shall prioritize  
20 occupancy utilization of office space for each division within the  
21 department. Employees with job responsibilities that require the  
22 employees to serve in their capacities outside of an office shall  
23 be monitored each pay period to ensure all work hours reported on  
24 the timesheet were actually worked.

25       (2) The department shall comply with requirements set forth by  
26 the office of the state employer on in-person work and utilization  
27 and occupancy rates of state buildings to ensure in-person work is  
28 optimized and occupancy rates are 80% or higher, subject to market  
29 conditions.



1           (3) The department shall adhere to civil service rules and  
2 regulations that state the standard biweekly work period for a  
3 full-time employee in the classified service of this state is the  
4 equivalent of 80 hours of work. The department shall establish  
5 policies and processes to ensure all employees are working their  
6 jobs during agreed-upon business hours.

7           Sec. 218. (1) In addition to any other requirements under this  
8 part, if the department is authorized under this part to expend  
9 funds in addition to those appropriated in part 1, the department  
10 must do all of the following:

11           (a) Not later than November 1, provide a report to the  
12 chairpersons of the house and senate appropriations committees, the  
13 house and senate fiscal agencies, and the state budget office that  
14 details all of the following:

15           (i) The type of funding received during the previous fiscal  
16 year that was authorized in part 2 of the article that made  
17 appropriations for the department in the previous fiscal year.

18           (ii) When the funding was received.

19           (iii) The amount of funding received.

20           (iv) How much of the funding was spent and for what purpose or  
21 purposes.

22           (b) Not later than 60 days after receipt of funds authorized  
23 under this part, provide a report to the chairpersons of the house  
24 and senate appropriations committees, the house and senate fiscal  
25 agencies, and the state budget office that details all of the  
26 following:

27           (i) The type of funding received.

28           (ii) When the funding was received.

29           (iii) The amount of funding received.



1 (iv) The anticipated or actual amount to be spent and the  
2 specified purpose or purposes.

3 (c) Not later than February 15, provide a report to the  
4 chairpersons of the house and senate appropriations committees, the  
5 house and senate fiscal agencies, and the state budget office with  
6 an estimate of funding authorized by this part that the department  
7 anticipates it will receive in the subsequent fiscal year,  
8 identifying all of the following:

9 (i) The type or types of funding anticipated.

10 (ii) The amount or amounts of funding anticipated.

11 (iii) The purpose or purposes of the funding.

12 (2) If another reporting requirement under this part would  
13 provide substantially similar information on a substantially  
14 similar timeframe as would be reported under subsection (1),  
15 subsection (1) does not apply.

16 Sec. 219. The department shall receive and retain copies of  
17 all reports funded from appropriations in part 1. The department  
18 shall follow federal and state law and guidelines for short-term  
19 and long-term retention of records. The department may  
20 electronically retain copies of reports unless otherwise required  
21 by federal and state guidelines.

22 Sec. 221. To the extent possible, the department shall not  
23 expend appropriations under part 1 until all existing authorized  
24 work project funds available for the same purposes are exhausted.

25 Sec. 222. Not later than 6 months after the state budget  
26 office issues work project letters, a department or agency shall  
27 submit an annual report that summarizes all work project accounts.  
28 The report must include all of the following:

29 (a) A list of all work project accounts.



1 (b) The status of all work project accounts, including amounts  
2 expended, amounts encumbered, and available balances for each  
3 account.

4 (c) The amount of funds that lapsed from any previously  
5 designated work project accounts, the name and description of the  
6 work project account, and the funds that received the lapsed  
7 amounts.

8 Sec. 224. Not later than April 1, the department shall report  
9 on each specific policy change made to implement a public act  
10 affecting the department that took effect during the previous  
11 calendar year. The report must include reference to the public act  
12 number. The department shall submit the report to the standard  
13 report recipients, the house and senate appropriations committees,  
14 and the joint committee on administrative rules.

15 Sec. 229. The department must provide an annual report to the  
16 standard report recipients detailing significant federal policy  
17 changes that do, or are expected to, significantly impact the  
18 operations of the department, including reductions in federal  
19 revenue and/or changes that are likely to lead to a reduction in  
20 the department's ability to safeguard the health or welfare of the  
21 public.

22 Sec. 234. Total authorized appropriations from all sources  
23 under part 1 for legacy costs for the fiscal year ending September  
24 30, 2027 are estimated at \$6,633,500.00. From this amount, total  
25 appropriations for pension-related legacy costs for the department  
26 are estimated at \$6,633,500.00. Total appropriations for retiree  
27 health care legacy costs for the department are estimated at \$0.00.

28 Sec. 235. Not later than April 1, the department shall provide  
29 to the standard report recipients a copy of its annual strategic



1 plan prepared in compliance with section 363 of the management and  
2 budget act, 1984 PA 431, MCL 18.1363. The plan must include the  
3 mission, vision, goals, strategies, and performance measures of the  
4 department.

5 Sec. 236. The department shall report on any court settlement  
6 that may require further legislative review of state statutory  
7 programs or regulations.

8 Sec. 237. Not later than November 15, the department shall  
9 disclose on a publicly accessible website private and other third-  
10 party funds received by the department in the previous fiscal year.  
11 The report must include the amount of funding received, the  
12 specific source of funding received, the purpose for which funding  
13 was expended, and the amount of any remaining funds. The report  
14 must be submitted to the standard report recipients and to the  
15 chairpersons of the house and senate appropriations committees.

16 Sec. 239. (1) Within 30 days of enactment of this act, the  
17 house and senate shall provide to the state budget office a  
18 jointly-agreed-upon list of legislatively directed spending items  
19 funded in part 1 as defined in 2025 PA 32 and 2025 PA 33. The list  
20 must include all information and documents pertaining to the funded  
21 items as publicly disclosed in accordance with 2025 PA 32 and 2025  
22 PA 33.

23 (2) In accordance with section 364(4) of the management and  
24 budget act, 1984 PA 431, MCL 18.1364, the department or agency  
25 administering the grant shall post a report in a publicly  
26 accessible location on its website beginning March 15 of the  
27 current fiscal year. The department or agency shall update the  
28 report and shall post an updated report not later than June 15 of  
29 the current fiscal year and again not later than September 15 of



1 the current fiscal year. The department shall include in the report  
 2 the most comprehensive information the department has available at  
 3 the time of posting for grants awarded.

4 Sec. 240. The state budget director shall take steps to ensure  
 5 that all state fiscal recovery funds allocated to this state under  
 6 the American rescue plan act of 2021, Public Law 117-2, are  
 7 expended by December 31, 2026, as required by law. Any state fiscal  
 8 recovery funds that would otherwise lapse after September 30, 2026  
 9 are automatically reappropriated for the same purpose as originally  
 10 authorized and available for expenditure through December 31, 2026  
 11 and any subsequent financial closeout period.

12 Sec. 241. (1) The state budget director shall take steps to  
 13 ensure that all state fiscal recovery funds allocated to this state  
 14 under the American rescue plan act of 2021, Public Law 117-2, are  
 15 expended by December 31, 2026, as required by law. The state budget  
 16 director may reallocate appropriated funds for the purpose of fully  
 17 utilizing state fiscal recovery funds that are in jeopardy of not  
 18 meeting the expenditure deadline for reasons that may include, but  
 19 are not limited to, completed projects coming in under budget or  
 20 funds unable to be fully used by subrecipients. The state budget  
 21 director shall reallocate any of the funds reallocated under this  
 22 subsection to the programs or purposes specified in this section.  
 23 Any funds reallocated are unappropriated and immediately  
 24 reappropriated for the following purposes:

25 (a) To reclassify general fund/general purpose appropriations  
 26 for payroll and covered benefits for eligible public health and  
 27 safety employees at the department of corrections.

28 (b) To reclassify general fund/general purpose appropriations  
 29 for payroll and covered benefits for eligible public health and



1 safety employees at the department of state police.

2 (2) All applicable guidance, implementation, and reporting  
3 provisions of American rescue plan act of 2021, Public Law 117-2,  
4 must be followed for state fiscal recovery funds reallocated and  
5 reappropriated under subsection (1).

6 (3) The state budget director shall notify the senate and the  
7 house appropriations committees not later than 1 business day after  
8 making any reallocations under subsection (1). The notification  
9 must include the authorized program under which funds were  
10 originally appropriated, the amount of the reallocation, the  
11 program, or programs, or purpose, and the department to which the  
12 funds are being reallocated under subsection (1), and the amount  
13 reallocated to each program or purpose.

14

15 **DEPARTMENTAL ADMINISTRATION AND SUPPORT**

16 Sec. 301. (1) The department may establish a fee schedule and  
17 collect fees for the following work activities and services:

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

20 (b) Fruit and vegetable inspection and grading services at  
21 shipping and termination points and processing plants.

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

25 (d) Laboratory support test samples for other state and local  
26 agencies and public or private organizations.

27 (2) The department may receive and expend revenue from the  
28 fees authorized under subsection (1), subject to appropriation, to  
29 recover expenses associated with the work activities and services



1 described in subsection (1). Fee revenue collected by the  
2 department under subsection (1) does not lapse to the state general  
3 fund at the end of the fiscal year but carries forward for  
4 appropriation by the legislature in the subsequent fiscal year.

5 (3) The department shall notify the subcommittees, the fiscal  
6 agencies, and the state budget office 30 days before proposing  
7 changes in fees authorized under this section or under section 5 of  
8 1915 PA 91, MCL 285.35.

9 (4) On or before February 1 of each year, the department shall  
10 provide a report to the subcommittees, the fiscal agencies, and the  
11 state budget office detailing all the fees charged by the  
12 department under the authorization provided in this section,  
13 including, but not limited to, rates, number of individuals paying  
14 each fee, and the revenue generated by each fee in the previous  
15 fiscal year.

16 Sec. 302. (1) The department may contract with or provide  
17 grants to local units of government, institutions of higher  
18 education, or nonprofit organizations to support activities  
19 authorized by appropriations in part 1.

20 (2) The department shall notify members of the legislature of  
21 grants or contracts awarded to recipients located within a member's  
22 legislative district.

23 (3) As used in this section:

24 (a) "Contracts" includes, but is not limited to, contracts for  
25 delivery of groundwater/freshwater programs, MAEAP technical  
26 assistance, forest management, invasive species monitoring, and  
27 wildlife risk mitigation.

28 (b) "Grants" includes, but is not limited to, grants promoting  
29 proper pesticide disposal and research grants for the purpose of



1 enhancing the agricultural industries in this state.

2       Sec. 303. (1) From the funds appropriated in part 1 for  
3 emerging contaminants in food and agriculture the department shall  
4 support efforts to identify and respond to the impacts of emerging  
5 contaminants to the food and agriculture sector, help address and  
6 mitigate current issues caused by emerging contaminants, and work  
7 to prevent and minimize future impacts. The department shall  
8 coordinate these efforts with other state agencies, federal  
9 agencies, tribal governments, local governments, institutions of  
10 higher learning, and the food and agriculture sector. Emerging  
11 contaminants include but are not limited to pesticides, dioxins,  
12 and per- and polyfluoroalkyl substances.

13       (2) The unexpended funds appropriated in part 1 for emerging  
14 contaminants in food and agriculture are designated as a work  
15 project appropriation, and any unencumbered or unallotted funds do  
16 not lapse at the end of the fiscal year and are available for  
17 expenditures for projects under this section until the projects  
18 have been completed. The following is in compliance with section  
19 451a(1) of the management and budget act, 1984 PA 431, MCL  
20 18.1451a:

21       (a) The purpose of the project is to support efforts to  
22 identify and respond to the impacts of emerging contaminants to the  
23 food and agriculture sector, help address and mitigate current  
24 issues caused by emerging contaminants, and work to prevent and  
25 minimize future impacts.

26       (b) The project will be accomplished by utilizing state  
27 employees or contracts with service providers, or both.

28       (c) The estimated cost of this project is \$1,368,700.00.

29       (d) The tentative completion date for the work project is



1 September 30, 2031.

2  
3 **BUREAU OF FOOD SAFETY AND ANIMAL HEALTH**

4 Sec. 401. (1) The department shall report on the previous  
5 calendar year's activities of the bureau of food safety and animal  
6 health. The report must include information on activities and  
7 outcomes of the dairy safety and inspection program, the food  
8 safety inspection program, the foodborne illness and emergency  
9 response program, and the food service program.

10 (2) The report must include information on significant  
11 foodborne outbreaks and emergencies, including any significant  
12 enforcement actions taken related to food safety during the prior  
13 calendar year.

14 (3) The department shall include in the report all  
15 indemnification payments for livestock depredation made in the  
16 previous calendar year and shall include all of the following:

17 (a) The reason for the indemnification.

18 (b) The amount of the indemnification.

19 (c) The person for whom the indemnification was paid.

20 (4) The report must be transmitted on or before April 1 of  
21 each year.

22 Sec. 402. From the funds appropriated in part 1, the  
23 department shall pay for all whole herd bovine TB testing costs and  
24 individual animal testing costs in the modified accredited zone and  
25 buffer counties as referenced in the current memorandum of  
26 understanding between the department and the USDA to maintain  
27 split-state status requirements. These costs include indemnity and  
28 compensation for injury causing death or downer to animals.

29 Sec. 403. The department shall use its resources to



1 collaborate with the USDA to monitor bovine TB, consistent with the  
2 current required memorandum of understanding between the department  
3 and the USDA.

4 Sec. 404. From the funds appropriated in part 1 for animal  
5 disease prevention and response, the department shall use  
6 \$200,000.00 to cover costs associated with testing of registered  
7 privately owned cervid facilities as follows:

8 (a) Required surveillance testing for chronic wasting disease.

9 (b) Infected herd bovine TB testing.

10 Sec. 405. (1) On or before October 15 of each year, the  
11 department shall provide to the standard report recipients a report  
12 on bovine TB status and department activities.

13 (2) For each fiscal quarter following the report required in  
14 subsection (1), the department shall provide an update. The  
15 quarterly update reports must identify significant impacts to the  
16 program, including new incidence of bovine TB in this state,  
17 department activity associated with specific new incidence of  
18 bovine TB, any changes in USDA requirements or movement orders, and  
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; efforts to work with slaughter facilities in  
23 this state, as well as those that slaughter a significant number of  
24 animals from this state; and educational programs and information  
25 for this state's livestock community.

26 Sec. 406. From the funds appropriated in part 1 for Michigan  
27 animal agriculture alliance, the department shall work with animal  
28 industry representatives and state research universities to  
29 continue an animal research grant program.



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**BUREAU OF ENVIRONMENT AND SUSTAINABILITY**

Sec. 501. The department shall report on the previous calendar year's activities of the bureau of environment and sustainability on or before April 1 of each year.

Sec. 502. (1) The purpose of the part 1 appropriation for soil health/regenerative agriculture is to advance the adoption and implementation of best regenerative agricultural practices and new environmentally sustainable technologies, promoting soil health and regenerative agriculture principles throughout the state.

(2) From the funds appropriated in part 1 for soil health/regenerative agriculture, the department shall do both of the following:

(a) Promote the principles of soil health and regenerative agriculture through at least the following:

- (i) The maintenance of soil cover.
- (ii) The minimization of soil disturbance.
- (iii) The maximization of plant and crop diversity.
- (iv) The maximization of the presence of living roots.
- (v) The integration of livestock into the cropping systems.

(b) Ensure that program outcomes include at least the following:

- (i) The increase of soil organic matter content.
- (ii) The improvement of soil water infiltration capacity.
- (iii) The increase in soil water holding capacity.
- (iv) The improvement of soil biological capacity to break down plant residue and other substances and to maintain soil aggregation.
- (v) The improvement of soil nutrient sequestration and cycling



1 capacity.

2 (vi) The reduction of nutrient losses.

3 (vii) The increase of carbon sequestration capacity of soil.

4 (3) From the funds appropriated in part 1 for soil  
5 health/regenerative agriculture, the department shall promote  
6 practices of soil health and regenerative agriculture, including  
7 the use of no-till farming, intercropping, cover crops,  
8 multispecies cover crops, roller crimping, managed rotational  
9 grazing, and other practices identified that utilize natural  
10 biological processes to advance the goals of soil health and  
11 regenerative agriculture.

12 (4) No funds appropriated in part 1 for soil  
13 health/regenerative agriculture may be used for applied research  
14 into the precision application of fertilizer, pesticides, or  
15 herbicides.

16 (5) It is the intention of the legislature that the department  
17 engage with program partners to achieve the purposes of the soil  
18 health/regenerative agriculture programs through research,  
19 education, and outreach. Program partners include, but are not  
20 limited to, farmer-to-farmer networks, Michigan State University  
21 Extension, Michigan State University AgBioResearch, the USDA  
22 Natural Resources Conservation Service, local conservation  
23 districts, and other nongovernmental organizations. Agreements with  
24 program partners receiving funds through soil health/regenerative  
25 agriculture appropriations must describe intended outcomes and how  
26 intended outcomes will be measured and require the provision of a  
27 report to the department on uses of funding received and a progress  
28 report on outcomes.

29 (6) The department may use state employees or contract service



1 providers, or both, to achieve the purposes of the soil  
2 health/regenerative agriculture programs.

3 (7) In the report required under section 501 of this part, the  
4 department shall provide information on the program described in  
5 this section, including department activities, uses of program  
6 funds by activity or project, contractors, grantees, and a summary  
7 of projects and project results.

8 (8) Of the funds appropriated in part 1 for soil  
9 health/regenerative agriculture, not less than \$1,000,000.00 must  
10 be used by the department to partner with the state land grant  
11 university through MSU Extension and AgBioResearch to develop,  
12 implement, and evaluate a soil health/regenerative agriculture  
13 program. The partnership described in this subsection must be  
14 focused on researching and assisting the agricultural industry in  
15 implementing soil health/regenerative agricultural principles and  
16 techniques.

17 Sec. 503. Not later than April 1, the department shall prepare  
18 a final report to be posted on the department's website and  
19 provided to the relevant house and senate standing committees and  
20 appropriations subcommittees as well as to the fiscal agencies and  
21 state budget office. The report must contain the following  
22 information for agriculture nutrient best management voluntary  
23 practices program:

24 (a) The number and location of acres enrolled in nutrient  
25 management or other best management practices.

26 (b) The number of acres enrolled that were not previously  
27 verified under the MAEAP.

28 (c) A summary of practices implemented and available incentive  
29 programs.



1 (d) The starting and ending balances of the program.

2 (e) A summary of outreach and training efforts.

3 (f) Testing results.

4 Sec. 505. The funds appropriated in part 1 for environmental  
5 stewardship/MAEAP must be used to support department agriculture  
6 pollution prevention programs, including groundwater and freshwater  
7 protection programs under part 87 of the natural resources and  
8 environmental protection act, 1994 PA 451, MCL 324.8701 to  
9 324.8717, and technical assistance in implementing conservation  
10 grants available under the federal farm bill.

11 Sec. 506. The department may receive and expend federal  
12 revenues up to a total of \$1,000,000.00 in excess of the federal  
13 revenue appropriated in part 1 for environmental stewardship and  
14 MAEAP activities. The department shall notify the subcommittees,  
15 the fiscal agencies, and the state budget office prior to expending  
16 federal revenues authorized under this section.

17 Sec. 507. (1) From the appropriations in part 1 for local  
18 conservation districts, \$3,000,000.00 must be distributed through a  
19 grant program to local conservation districts in this state that  
20 were in operation in the previous fiscal year based upon criteria  
21 established by the department.

22 (2) On or before April 1, the department shall report on the  
23 previous calendar year's activities of local conservation  
24 districts. The report must include descriptions of local  
25 conservation district activities and the use of funding. In  
26 preparing this report, the department shall coordinate with  
27 representatives of local conservation districts.

28

29 **AGRICULTURE DEVELOPMENT BUREAU**



1           Sec. 601. (1) From the funds appropriated in part 1 for the  
2 food and agriculture investment program, the department shall  
3 operate a food and agriculture investment program.

4           (2) The food and agriculture investment program shall do all  
5 of the following:

6           (a) Expand the Michigan food and agriculture sector.

7           (b) Promote food security.

8           (c) Develop local and regional food systems.

9           (d) Grow Michigan exports.

10          (e) Promote the development of value-added agricultural  
11 production.

12          (f) Support urban farms, food hubs, food incubators, and  
13 community-based processing facilities with a focus on new and  
14 expanding protein processors.

15          (g) Promote the expansion of farm markets, flower markets, and  
16 urban agriculture, including hoop houses.

17          (h) Increase food processing activities within this state by  
18 accelerating investment projects and infrastructure development  
19 that support growth in production agriculture and food and  
20 agriculture processing, expand opportunity to new agricultural  
21 producers and processors, promote agriculture tourism and  
22 agricultural heritage, and develop agricultural education and  
23 interpretation activities.

24          (3) In addition to the funds appropriated in part 1, the  
25 department may receive and expend funds received from outside  
26 sources for the food and agriculture investment program.

27          (4) Before the allocation of funding, all projects must  
28 receive approval from the Michigan commission of agriculture and  
29 rural development, except for projects selected through a



1 competitive process by a joint evaluation committee selected by the  
2 director and consisting of representatives that have agriculture,  
3 food security, local and regional food systems, business, and  
4 economic development expertise. Projects funded through the food  
5 and agriculture investment program will be required to have a grant  
6 agreement that outlines milestones and activities that must be met  
7 in order to receive a disbursement of funds. Projects must also  
8 identify measurable project outcomes.

9 (5) The department shall include, in the agriculture  
10 development annual report, a report on the food and agriculture  
11 investment program for the previous fiscal year that includes a  
12 listing of the grantees, award amounts, match funding, project  
13 locations, and project outcomes.

14 (6) The unexpended funds appropriated in part 1 for the food  
15 and agriculture investment program are designated as a work project  
16 appropriation, and any unencumbered or unallotted funds do not  
17 lapse at the end of the fiscal year and are available for  
18 expenditures for projects under this section until the projects  
19 have been completed. The following is in compliance with section  
20 451a(1) of the management and budget act, 1984 PA 431, MCL  
21 18.1451a:

22 (a) The purpose of the project is to promote and expand the  
23 Michigan food and agriculture sector, grow Michigan exports, and  
24 increase food processing activities within the state.

25 (b) The project will be accomplished by utilizing state  
26 employees or contracts with service providers, or both.

27 (c) The estimated cost of this project is identified in the  
28 appropriation line item.

29 (d) The tentative completion date for the work project is



1 September 30, 2029.

2 (7) The department may expend money from the funds  
3 appropriated in part 1 for the food and agriculture investment  
4 program, including all of the following activities:

- 5 (a) Grants.
- 6 (b) Loans or loan guarantees.
- 7 (c) Infrastructure development.
- 8 (d) Other economic assistance.
- 9 (e) Program administration.
- 10 (f) Export assistance.

11 (8) The department shall expend no more than 5% from the funds  
12 appropriated in part 1 for the food and agriculture investment  
13 program for administrative purposes.

14 (9) In awarding grants under the food and agriculture  
15 investment program, the department shall identify and encourage  
16 applications from members of socially disadvantaged groups, women,  
17 veterans, and beginning farmers and ranchers. In awarding grants  
18 under the food and agriculture investment program, the department  
19 must also prioritize Michigan-based small businesses, nonprofits,  
20 and organizations promoting agriculture and food security  
21 activities.

22 Sec. 603. (1) From the funds appropriated in part 1 for  
23 Michigan local food, farm, and nutrition programs \$5,000,000.00  
24 must go to an organization that will assist and provide a financial  
25 incentive to SNAP participants to provide a program to provide  
26 access to fresh produce.

27 (2) The department shall work with the organization to ensure  
28 that at least 80% of the funds allocated to the program are  
29 directly used for the payments to participating vendors.



1 (3) The department shall work with the department of health  
2 and human services to do all of the following:

3 (a) Notify recipients of food assistance program benefits that  
4 food assistance program benefits can be accessed at many farmers  
5 markets in this state with bridge cards.

6 (b) Notify recipients of food assistance program benefits  
7 about the program and that it is administered by the organization.  
8 Food assistance program recipients shall receive information about  
9 the program.

10 (4) The department shall work with the organization to expand  
11 access to the program in each of this state's counties with grocery  
12 stores or farmers markets that meet the program's eligibility  
13 requirements.

14 (5) On or before June 1, the department shall submit a report  
15 on activities and outcomes of the program. The report must contain  
16 all of the following:

17 (a) The counties in this state with participating program  
18 vendors, the number of vendors by county, and the name and location  
19 of vendors, as of May 1, 2025.

20 (b) The counties in this state with participating program  
21 vendors, the number of vendors by county, and the name of location  
22 of vendors, as of May 1, 2026. The report must highlight counties  
23 and vendors added to the program since May 1, 2025.

24 (c) The number of individuals participating in the program, by  
25 county.

26 Sec. 604. (1) From the funds appropriated in part 1 for  
27 Michigan local food, farm, and nutrition programs funds must be  
28 allocated for a program to support districts and other nonschool  
29 sponsors in the purchase of locally grown fruits, vegetables, and



1 legumes, as described in this section.

2 (2) Funding under this section retained by the department for  
3 administration must not exceed 5%. Funding under this section  
4 retained by project partners for data collection, outreach, and  
5 training must not exceed 2% for each partner.

6 (3) The department, in collaboration with the Michigan  
7 department of education, shall develop and implement a competitive  
8 grant program for districts and other nonschool sponsors to assist  
9 in paying for the costs incurred by the district or other nonschool  
10 sponsor to purchase or increase purchases of whole or minimally  
11 processed fruits, vegetables, and legumes grown in this state. The  
12 maximum amount that may be drawn down on a grant to a district or  
13 other nonschool sponsor is based on the number of meals served by  
14 the district during the previous school year under the Richard B.  
15 Russell National School Lunch Act, 42 USC 1751 to 1769j, or meals  
16 served by the other nonschool sponsor in the previous school year.  
17 The department shall collaborate with the Michigan department of  
18 education to provide training to newly participating schools and  
19 other nonschool sponsors and electronic information on agriculture  
20 in this state.

21 (4) The goals of the program under this section include  
22 improving daily nutrition and eating habits for children through  
23 the school and child care settings while investing in this state's  
24 agricultural and related food business economy.

25 (5) A district or other nonschool sponsor that receives a  
26 grant under this section shall use those funds for the costs  
27 incurred by the district or the sponsor to do both of the  
28 following:

29 (a) Purchase whole or minimally processed fruits, vegetables,



1 and legumes that meet both of the following requirements:

2 (i) For each fiscal year, were purchased for use in meals and  
3 supportive activities as part of the United States Department of  
4 Agriculture child nutrition programs provided between October 1 and  
5 September 30 of that fiscal year.

6 (ii) Are grown in this state and, if minimally processed, are  
7 also processed in this state.

8 (b) Pay for labor and food transportation of locally grown  
9 fruits, vegetables, and legumes that directly support the  
10 activities and goals of the program described in this section. The  
11 amount paid under this subdivision must not exceed 25% of the grant  
12 award.

13 (6) For Michigan-grown fruits, vegetables, and legumes that  
14 satisfy the requirements of subsection (5), the department shall  
15 make matching reimbursements in an amount not to exceed 10 cents  
16 for every school meal that is served as part of the United States  
17 Department of Agriculture's child nutrition programs.

18 (7) In awarding grants under this section, the department, in  
19 collaboration with the Michigan department of education, shall work  
20 in consultation with Michigan-based farm to school resource  
21 organizations to develop scoring criteria that assess an  
22 applicant's ability to procure Michigan-grown products, prepare and  
23 menu Michigan-grown products, promote and market Michigan-grown  
24 products, and submit letters of intent from districts or other  
25 nonschool sponsors on plans for educational activities that promote  
26 the goals of the program.

27 (8) The department, in collaboration with the Michigan  
28 department of education, shall give preference to districts or  
29 other nonschool sponsors that propose educational activities that



1 meet 1 or more of the following: promote healthy food activities;  
 2 have clear educational objectives; involve parents or the  
 3 community; connect to a school's or child care center's farm to  
 4 school or farm to early child care procurement activities; and  
 5 market and promote the program, leading to increased pupil  
 6 knowledge and consumption of Michigan-grown products. The  
 7 department, in collaboration with the Michigan department of  
 8 education, shall give stronger weighting and consideration to  
 9 applications with robust marketing and promotional activities.

10 (9) In awarding grants, the department, in collaboration with  
 11 the Michigan department of education, shall also consider all of  
 12 the following:

13 (a) The percentage of children who qualify for free or  
 14 reduced-price school meals under the Richard B. Russell National  
 15 School Lunch Act, 42 USC 1751 to 1769j.

16 (b) The variety of school or child care center sizes and  
 17 geographic locations within the identified prosperity regions.

18 (c) Existing or planned collaboration between child care  
 19 sponsors, between districts, or with agricultural businesses and  
 20 essential local food infrastructure, such as farms, farm  
 21 cooperatives, processors, distributors, and local food hubs.

22 (10) As a condition of receiving a grant under this section, a  
 23 district or other nonschool sponsor shall provide, or direct its  
 24 vendors to provide, to the department copies of monthly receipts  
 25 that show the quantity of different Michigan-grown fruits,  
 26 vegetables, and legumes purchased, the amount of money spent on  
 27 each of these products, the name and Michigan location of the farm  
 28 that grew the products, and the methods or plans to market and  
 29 promote the program. The district or other nonschool sponsor also



1 shall provide to the department and the Michigan department of  
 2 education monthly United States Department of Agriculture child  
 3 nutrition reimbursable meal numbers and must retain monthly menus  
 4 noting when and how Michigan-grown products were used in meals. The  
 5 district or other nonschool sponsor and school or nonschool sponsor  
 6 food service director or directors also shall agree to respond to  
 7 brief online surveys and to provide a report that shows the  
 8 percentage relationship of Michigan spending compared to total food  
 9 spending. By not later than 60 days after the end of the period in  
 10 which funds under this section were received, and in which federal  
 11 child nutrition programs require submission of claims, each  
 12 district or each nonschool sponsor shall submit a report to the  
 13 department and the Michigan department of education on outcomes and  
 14 related measurements for economic development and children's  
 15 nutrition and readiness to learn. The report must include at least  
 16 both of the following:

17 (a) The extent to which farmers and related businesses,  
 18 including distributors and processors, saw an increase in market  
 19 opportunities and income generation through sales of Michigan or  
 20 local products to districts and other nonschool sponsors. All of  
 21 the following apply for purposes of this subdivision:

22 (i) The data used to determine the amount of this increase are  
 23 the total dollar amount of Michigan or local fruits, vegetables,  
 24 and legumes purchased by schools and other nonschool sponsors,  
 25 along with the number of different types of products purchased;  
 26 school and nonschool sponsor food purchasing trends identified  
 27 along with products that are of new and growing interest among food  
 28 service directors; the number of businesses impacted; and the  
 29 percentage of total food budget spent on Michigan-grown fruits,



1 vegetables, and legumes.

2 (ii) The district or other nonschool sponsor shall use  
3 purchasing data collected for the program and surveys of school and  
4 nonschool sponsor food service directors on the impact and success  
5 of the program as the source for the data described in subparagraph  
6 (i).

7 (b) The ability of pupils to access a variety of healthy  
8 Michigan-grown foods through schools and other nonschool sponsor  
9 centers and increase their consumption of those foods. All of the  
10 following apply for purposes of this subdivision:

11 (i) The data used to determine whether this subdivision is met  
12 are the number of pupils exposed to Michigan-grown fruits,  
13 vegetables, and legumes at schools and nonschool sponsor centers;  
14 the variety of products served; new items taste-tested or placed on  
15 menus; and the increase in pupil willingness to try new local  
16 healthy foods.

17 (ii) The district or other nonschool sponsor shall use  
18 purchasing data collected for the project, meal count and  
19 enrollment numbers, school menu calendars, and surveys of school  
20 and nonschool sponsor food service directors as the source for the  
21 data described in subparagraph (i).

22 (11) The department, in collaboration with the Michigan  
23 department of education, shall compile the reports provided by  
24 districts and other nonschool sponsors under subsection (10) into 1  
25 legislative report. The department, in collaboration with the  
26 Michigan department of education, shall provide this report not  
27 later than April 1 of each fiscal year following the fiscal year  
28 for which funding is allocated under this section to the house and  
29 senate subcommittees responsible for school aid, the house and



1 senate fiscal agencies, and the state budget director.

2 (12) Notwithstanding any other requirement, the department  
3 shall make payments under this section on a schedule determined by  
4 the department.

5 Sec. 605. (1) From the funds appropriated in part 1 for  
6 Michigan local food, farm, and nutrition programs funds must be  
7 allocated to the scratch cooking pilot program.

8 (2) A local education agency providing locally-produced  
9 agriculture products for schools may submit an application to the  
10 department for a grant under the pilot program. The application  
11 must include both of the following:

12 (a) A needs assessment to evaluate equipment needs, equipment  
13 utilization, procurement process, and workforce capabilities for  
14 the pilot program.

15 (b) A strategic plan identifying all of the following:

16 (i) How the local education agency will use the grant funding.

17 (ii) How project activities will be monitored and evaluated.

18 (iii) All proposed costs with a clear explanation about how the  
19 costs were determined.

20 (3) Grants shall be used by a local education agency to  
21 promote scratch cooking, which may include any of the following:

22 (a) Implementing professional development and training related  
23 to preparing, procuring, advertising, serving, and creating menus  
24 of scratch-cooked meals that prioritize fresh, locally procured  
25 items.

26 (b) Purchasing kitchen equipment or making infrastructure  
27 modifications necessary for scratch cooking.

28 (c) Hiring of staff or third-party entities whose primary  
29 focus is creating sustainable, actionable change within a school



1 food program to increase their scratch cooking that sustains beyond  
2 the grant period.

3 (d) Providing technical assistance, pupil engagement, and  
4 education related to scratch cooking, such as taste tests, recipe  
5 development, and culinary education.

6 (e) Investing in K-12 software and technology systems for  
7 procurement to support scratch cooking.

8 (f) Carrying out any additional activities to promote scratch  
9 cooking that will help local education agencies meet or exceed  
10 nutrition standards.

11 (4) In evaluating grant applications, the department shall  
12 give priority to local education agencies that serve the greatest  
13 proportion of students eligible for free or reduced-price lunch.

14 (5) Not later than 180 days after the expiration of the pilot  
15 program, each local education agency that received a grant shall  
16 submit a report to the department that compares the change at the  
17 end of the grant period to the school year immediately preceding  
18 the beginning of the grant period, including all of the following:

19 (a) Recipes prepared.

20 (b) Nutrient analysis information.

21 (c) Invoices or bid lists identifying the cost of equipment  
22 needed for scratch cooking.

23 (d) The number of staff, type of staff, and time required to  
24 prepare each meal.

25 (e) Salary and benefit rates for each food service employee  
26 involved in food preparation of selected meals.

27 (f) Production record and meal counts.

28 (g) Free and reduced-price meal eligibility and average daily  
29 lunch participation.



1 (h) Pre- and post-program scratch cooked menu analysis.  
 2 (i) Pre- and post-program local procured item analysis.  
 3 (j) Program cost savings.  
 4 (k) Any other information required by the department.  
 5 (6) Not later than 1 year following the expiration of the  
 6 pilot program, the department shall submit a report to the  
 7 chairpersons and minority chairpersons of committees and  
 8 subcommittees with jurisdictions over education and agriculture in  
 9 the house and senate that that includes at least the following  
 10 information:

11 (a) The number of and amount of grants.  
 12 (b) The names of and reports provided by participating local  
 13 education agencies.  
 14 (c) Recommendations on the continuation or expansion of the  
 15 pilot program.  
 16 (d) Any other information required by the department.

17 Sec. 606. (1) By not later than April 1, the department shall  
 18 report on the previous calendar year's activities of the  
 19 agriculture development bureau.

20 (2) The report described in subsection (1) must include the  
 21 following information on any grants awarded during the prior fiscal  
 22 year:

23 (a) The name of the grantee.  
 24 (b) The amount of the grant.  
 25 (c) The purpose of the grant, including measurable outcomes.  
 26 (d) Additional state, federal, private, or local funds  
 27 contributed to the grant project.  
 28 (e) The completion date of grant-funded activities.

29 (3) The report must include the following information on the



1 Michigan craft beverage council established under section 303 of  
2 the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1303:

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

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

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

11 (4) The report must identify grant recipients who are members  
12 of socially disadvantaged groups, women, veterans, and beginning  
13 farmers and ranchers.

14 Sec. 607. Unexpended industry support fund revenues at the end  
15 of the fiscal year may be carried forward into the industry support  
16 fund in the succeeding fiscal year and do not lapse to the general  
17 fund.

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

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

27 Sec. 609. From the funds appropriated in part 1, the  
28 department shall maintain coordination with the department of  
29 treasury to improve the timely processing and issuance of tax



1 credits under section 36109 of the natural resources and  
 2 environmental protection act, 1994 PA 451, MCL 324.36109, for the  
 3 Michigan's farmland and open space preservation program under parts  
 4 361 and 362 of the natural resources and environmental protection  
 5 act, 1994 PA 451, MCL 324.36101 to 324.36116 and 324.36201 to  
 6 324.36207. The improvement of timely processing and issuance, as  
 7 described in this section, includes, but is not limited to:

- 8 (a) Timely review of mailed applications and paperwork.  
 9 (b) Timely and proactive communications to applicants on the  
 10 status of their application.  
 11 (c) The provision of a clear and understood timeline for the  
 12 issuance of any tax credits.

13 Sec. 610. The department shall collaborate with the department  
 14 of labor and economic opportunity's office of rural prosperity on  
 15 the rural development fund grant program as part of the state's  
 16 coordinated strategy for achieving rural prosperity across the  
 17 state.

18

19 **LABORATORY AND CONSUMER PROTECTION BUREAU**

20 Sec. 701. The department shall report by April 1 on the  
 21 previous calendar year's activities of the laboratory bureau.

22 Sec. 702. No funds from the appropriations in part 1 may be used for  
 23 the purpose of consolidating state-run laboratories.

24

25 **FAIRS AND EXPOSITIONS**

26 Sec. 801. All appropriations from the agriculture equine  
 27 industry development fund must be spent on equine-related purposes.  
 28 No funds from the agriculture equine industry development fund may  
 29 be expended for non-equine-related purposes without prior approval



1 of the legislature.

2 Sec. 802. From the funds appropriated in part 1 from  
3 agriculture equine industry development funds, available revenue  
4 must be allocated in the following priority order:

5 (a) To support all administrative, contractual, and regulatory  
6 costs incurred by the department and the Michigan gaming control  
7 board.

8 (b) Any remaining funds collected through September 30, 2026,  
9 after the obligations in subdivision (a) have been met, must be  
10 prorated among the county fairs, supplements, breeders' awards, and  
11 sire stakes awards to eligible race meeting licensees in accordance  
12 with section 20 of the horse racing law of 1995, 1995 PA 279, MCL  
13 431.320.

14 Sec. 803. From the funds appropriated in part 1 from purses  
15 and supplements - fairs/licensed tracks, \$720,000.00 may be spent  
16 only if there is no standardbred race meeting in this state that is  
17 licensed under the horse racing law of 1995, 1995 PA 279, MCL  
18 431.301 to 431.336, by January 1.

19 Sec. 805. (1) From the funds appropriated in part 1 for county  
20 fairs, shows, and expositions, the department shall establish and  
21 administer a county fairs, shows, and expositions grant program.  
22 The program must have the following objectives:

23 (a) Assist in the financing of building improvements or other  
24 capital improvements at county fairgrounds of this state.

25 (b) Provide financial support, promotion, prizes, and premiums  
26 of equine, livestock, and other agricultural commodity expositions  
27 in this state.

28 (2) The department shall award grants on a competitive basis  
29 to county fairs or other organizations from the funds appropriated



1 in part 1 for county fairs, shows, and expositions grants. Grantees  
2 will be required to provide a 50% cash match with grant awards and  
3 identify measurable project outcomes. A county fair organization  
4 that received a county fair capital improvement grant in the prior  
5 fiscal year must not receive a grant from the appropriation in part  
6 1.

7 (3) From the amount appropriated in part 1 for county fairs,  
8 shows, and expositions, up to \$25,000.00 must be expended for the  
9 purpose of financial support, promotion, prizes, and premiums of  
10 equine, livestock, and other agricultural commodity expositions and  
11 festivals in this state.

12 (4) All fairs receiving grants under this section must provide  
13 a report to the department on the financial impact resulting from  
14 the capital improvement project on both fair and nonfair events.  
15 These reports are due for 3 years immediately following the  
16 completion of the capital improvement project.

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

20 (6) The department may expend money from the funds  
21 appropriated in part 1 for the county fairs, shows, and expositions  
22 for administering the program.

23 (7) The unexpended portion of the appropriation in part 1 for  
24 county fairs, shows, and expositions grants are designated as a  
25 work project appropriation and any unencumbered or unallotted funds  
26 do not lapse at the end of the fiscal year and are available for  
27 expenditures for projects under this section until the projects  
28 have been completed. The following is in compliance with section  
29 451a(1) of the management and budget act, 1984 PA 431, MCL



1 18.1451a:

2 (a) The purpose of the project is to support building  
3 improvements or other capital improvements at county fairgrounds of  
4 this state.

5 (b) All grants will be distributed in accordance with this  
6 section and the grant guidelines published prior to the request for  
7 proposals.

8 (c) The project will be accomplished by utilizing state  
9 employees or contracts with service providers, or both.

10 (d) The estimated cost of the project is \$250,000.00.

11 (e) The tentative completion date for the work project is  
12 September 30, 2028.

13 (8) The department shall provide a year-end report on the  
14 county fairs, shows, and expositions grants no later than December  
15 1, 2027 that includes a listing of the grantees, award amounts,  
16 match funding, project outcomes, and department costs of grant  
17 administration.

18

19 **ONE-TIME APPROPRIATIONS**

20 Sec. 901. (1) From the funds appropriated in part 1 for  
21 farmer-owned meat processor grants, the department shall establish  
22 and administer a farmer-owned meat processor grant program. The  
23 objective of the program is to expand and develop farmer-owned or  
24 farmer-cooperative meat processing.

25 (2) The department shall award grants on a competitive basis  
26 to farmer-owned or farmer-cooperative meat processors for funds to  
27 assist processors in the financing of equipment, facilities, or  
28 other capital improvements that would result in improvement or  
29 expansion of meat processing.



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

4 (4) Grantees will be required to provide a 50% cash match with  
5 grant awards and identify measurable project outcomes. A farmer-  
6 owned or farmer-cooperative meat processor that received a grant  
7 under this section must provide a report to the department on the  
8 financial impact resulting from the receipt of a grant.

9 (5) The unexpended portion of the appropriation in part 1 for  
10 farmer-owned or farmer-cooperative meat processors grants are  
11 designated as a work project appropriation and any unencumbered or  
12 unallotted funds do not lapse at the end of the fiscal year and are  
13 available for expenditures for projects under this section until  
14 the projects have been completed.

15 (6) The following is in compliance with section 451a(1) of the  
16 management and budget act, 1984 PA 431, MCL 18.1451a:

17 (a) The purpose of the project is to support enhancement at  
18 farmer-owned or farmer-cooperative meat processors of this state.

19 (b) All grants will be distributed in accordance with this  
20 section and the grant guidelines published prior to the request for  
21 proposals.

22 (c) The estimated cost of the project is \$4,000,000.00.

23 (d) The tentative completion date for the work project is  
24 September 30, 2029.

25 (7) The department shall provide a year-end report on the  
26 farmer-owned or farmer-cooperative meat processors grant program no  
27 later than December 1, 2027 that includes a list of the grantees,  
28 award amounts, match funding, project outcomes, and department  
29 costs of grant administration.

