



HOUSE REPUBLICAN  
**STRATEGIC**  
TASK FORCE ON AGRICULTURE

STATE REPRESENTATIVES

*Cindy Denby, Chair*

*Brian Calley*

*Kevin Daley*

*Goeff Hansen*

*Kenneth Kurtz*



2009-10 REPORT

**A**s chair of the House Republican Strategic Task Force on Agriculture, I am pleased to present this report outlining the findings, conversations, stories and recommendations to promote agriculture in the State of Michigan. The task force organized public meetings and tours throughout the state during summer 2009. The hearings were held in Coldwater on June 22, Howell on July 20, Fremont on Aug. 3, Ionia on Aug. 10 and Attica on Aug. 24.

The opportunity to talk with the true agriculture experts in our state, the farmers and agri-business owners, was important as we now move forward and strive to implement good policy practices to assist and promote this sector of our economy. Along with each task force hearing, we were given the opportunity to visit many different agriculture operations. A special thank you to those tour hosts who gave their time and allowed us to tour their facilities. The tours were extremely informational and beneficial for the task force members. Thank you so much for your cooperation and kindness.

I'd also like to thank the other legislators who served on the task force:

- Rep. Brian Calley, Portland
- Rep. Kevin Daley, Lum
- Rep. Goeff Hansen, Hart
- Rep. Kenneth Kurtz, Coldwater

In addition, I want to extend a special thank you to the legislative staff and Republican caucus support team that worked side by side with task force members to aid in the success of our overall mission. Their commitment by attending the meetings and tours around the state to get a good perspective on diverse agricultural products and livestock as well as processing, warehousing and related suppliers and services was appreciated by many individuals who met with us along our travels.

In addition, special thanks goes to Minority Leader Kevin Elsenheimer and Reps. Ken Horn, Phil Pavlov, Bill Rogers and Richard Ball for their assistance and insight into the task force process.

I also want to acknowledge the assistance and participation from many of the various associations that promote agriculture products and services in Michigan. They contributed to our hearings as well and provided additional information to bring awareness to current regulatory and policy issues which affect their sector of business. Also, we appreciate the assistance provided by Michigan Farm Bureau, Michigan Agri-Business Association and the MSU Extension for their expertise and support on behalf of the agriculture community.

In closing, as legislators we are looking to offer assistance to leading economic engines in our state such as agriculture. In the past we have seen where government can overstep into an area of unnecessary overregulation resulting in additional cost and time. Conversations with local experts brought to our attention areas that are burdensome as well as programs which are beneficial.

This report includes policy and regulatory recommendations in response to areas we felt needed change. Again, thank you to everyone who participated in the agriculture task force. We look forward to working together with you in implementing our recommendations and promoting Michigan as a leader of agriculture in our country.

*Cindy Denby*

Cindy Denby  
State Representative, 47th District  
Chair, House Republican Strategic Task Force on Agriculture





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# AGRICULTURE

## *House Republican Strategic Task Force on Agriculture*

### EXECUTIVE SUMMARY

The House Republican Strategic Task Force on Agriculture brought together members of the agricultural community to discuss the issues and needs facing this important Michigan industry. Agriculture contributes \$71.3 billion annually to Michigan's economy making it the second largest industry in the state.

Michigan's 56,000 farms on slightly over 10 million acres, with an additional 11 million acres of private, non-industrial timberland, support an industry that has produced double-digit growth over the past decade. During this time the rest of the state's economy has shrunk and unfortunately led the nation in unemployment for more than five years.

Michigan's many microclimates encourage the growing of grains, corn, beans, celery, apples, cherries, floriculture, grapes and more. Our abundant natural resources help make us the second most diverse for crops in the nation. In fact, the wine industry has become one area of major growth. Although wine has been produced in Michigan for 150 years, it has seen a recent surge beginning in the 1970s with two-thirds of all Michigan wine grapes planted in the last 20 years. These factors continue to make Michigan a great place to live, work and play. As the state recovers from the most recent economic struggles, agriculture will continue to play a vital role in our long-term recovery.

While the agriculture industry continues to grow in Michigan, there is work to be done to ensure its continued success. Regulatory burdens must be minimized so farmers are able to remain profitable and successful. The Michigan Department of Agriculture (MDA) must be allowed to continue its success as a state agency and should be given additional responsibilities in regard to forest management and economic development. This department should also serve as an example for other state operations, as the MDA has developed an excellent reputation for developing working relationships among those industries which it oversees and regulates.

Agriculture is a foundation upon which Michigan can build its economic recovery. Historically, American farmers are known for their rugged independence. Farmers traditionally refuse to turn to the government for assistance or special consideration. This report does not call for much in regard to increased government programs to help the farmer. Through the hard work and dedication of this segment of the population we will continue to innovate and expand in all areas of agricultural development. Perhaps the rest of state government should look to the hard work and attitudes of the farming community in re-structuring state government.

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## REINVIGORATE

- ▶ Increase the percentage of in-state processing facilities from the current 43 percent to 75 percent within ten years.
- ▶ Promote Buy Local, Buy Michigan through an advertising logo on state materials.
- ▶ Include “Grown in Michigan” agricultural promotions in the Pure Michigan campaign.
- ▶ Enact legislation to restore Michigan agriculture land property tax classifications on farmer-owned woodlots & forestland.
- ▶ Increase the timber harvest on state owned forestland and generate increased sustainable forest management on non-industrial private forestland.
- ▶ Retain MAEAP within the Department of Agriculture.
- ▶ Support MAEAP by giving it statutory authority while maintaining its ability to continue to evolve, particularly by providing meaningful incentives to encourage more farmers to complete the program. Incentives would include, once certified, more elasticity in the environmental inspection structure.
- ▶ Support efforts by small farms to achieve graduated levels of certification in MAEAP.
- ▶ Restrict appropriations from the equine fund to horse racing uses.
- ▶ Assist the City of Detroit in redeveloping abandoned property for agricultural purposes.
- ▶ Expand and develop Agriculture Renaissance Zones for agricultural, value-added processing specifically in the City of Detroit.

## REINVEST

- ▶ Provide the same tax incentives for innovative agricultural processes currently provided to alternative energy proposals.
- ▶ Define private landowner timber sales as agricultural operations, phasing those timber sales out from the MI Business Tax gross receipts base.
- ▶ Develop cooperation between the Michigan Gaming Control Board and racing participants to help promote Michigan horse racing.
- ▶ Educate the public on the importance of horse racing to the state’s economy.
- ▶ Amend new high school curriculum standards to ensure agri-science course credits count toward graduation.
- ▶ Encourage additional sources for higher education in agriculture-related courses and degrees.
- ▶ Develop two-year curriculum in agri-sciences at Michigan community colleges.
- ▶ Provide specific incentives for Detroit to adopt zoning changes that would create a lower tax rate for agriculture.

## REFORM

- ▶ Revise state websites to provide two-way links to the Michigan Business One Stop website. Devote a section of the current One Stop website to agriculture to provide information on food processing facilities, permit requirements and financial tools that are available within state government.
- ▶ Transfer Forest Management and timber production responsibilities from DNRE to MDA.
- ▶ Eliminate “moving targets” by having regulators provide written documentation for state regulations to eliminate differing standards on regulations and required tasks.
- ▶ State regulations must be consistent with federal regulations.
- ▶ Require written inspection points so each inspection is objective and not based on an individual inspector’s interpretation.
- ▶ Enact legislation designed to streamline and improve inspection and permitting processes within state government.
- ▶ Increase the number of shooters allowed on out-of-season kill permits.
- ▶ Require the DNRE to issue necessary permits in over populated areas that will provide farmers the tools they need to manage intrusive and damaging wildlife on their land.
- ▶ Amend the make-up of the MGCB by requiring inclusion of horse industry representatives on the Board.
- ▶ Require transparency of the MGCB and legislative oversight of breed by breed costs associated with horse racing.
- ▶ Address funding for migrant labor housing inspections in order to ensure timely inspections.
- ▶ Lengthen compliance period to two-year permits if funding for inspectors is inadequate.
- ▶ Mandate that house inspections are not to be conducted during harvest periods, the busiest times for farms.

## MISSION STATEMENT

The 2009-10 House Republican Strategic Task Force on Agriculture will determine and recommend legislative initiatives and policy changes that will allow all sectors of Michigan agricultural markets to prosper and grow.

## OBJECTIVES

- Identify stakeholders and contact them for inclusion at all hearing locations.
- Determine multiple hearing locations including “mini-tours” of agriculture operations in different geographic locations throughout the state.
- Encourage stakeholder input as to policy changes and/or legislative initiatives that will create a friendly business environment resulting in increased profitability, attraction of additional agriculture businesses and sustainability for current agriculture-based companies.
- Create a final report including recommendations for legislative and policy changes.

## TASK FORCE PROCESS

To properly gauge the public’s concerns and ideas regarding agriculture, a series of stakeholder meetings and public hearings were held throughout the state. These meetings were focused on how to support and expand agriculture in Michigan.

More than 200 stakeholder groups were identified through several different sources including commodity groups, state organizations and local groups. Michigan Farm Bureau, both state and local chapters, and the MSU Cooperative Extension were partners in our efforts to identify stakeholders for the task force.

The task force also visited local farms, farm-related businesses, and manufacturers in each of the areas where a meeting was held. These tours afforded the members of the task force firsthand experience and information regarding innovative practices being employed by these individuals





## PARTICIPANTS

Between the five hearings, hundreds of folks participated to provide their expertise and experiences with agriculture in Michigan. In addition, several people provided input through written communication, agricultural tours, meetings with task force members and telephone calls. Comments were submitted from an extremely diverse group with all major areas of Michigan agriculture represented, including:

- ▶ Dairy farmers
- ▶ Poultry farmers
- ▶ Egg producers
- ▶ Agricultural equipment suppliers
- ▶ Custom agricultural equipment suppliers
- ▶ Agricultural support services including feed, hay, fertilizer
- ▶ Horse breeders
- ▶ Veterinarians
- ▶ Horse racing operations
- ▶ Sod farms
- ▶ Food processing plants
- ▶ Crop farms including soybeans, wheat, corn, alfalfa, sugar beets and romaine lettuce
- ▶ Beef cattle farm
- ▶ Water buffalo farm
- ▶ Fair representatives - local and state
- ▶ Greenhouse owners
- ▶ Small retail farm market
- ▶ Orchard owners
- ▶ 4H members and leaders
- ▶ Swine producers
- ▶ Winery owners
- ▶ Milk producers
- ▶ Agriculture educators
- ▶ Farm Bureau representatives, local and state
- ▶ Beekeepers
- ▶ Conservation Districts
- ▶ MSU Extension
- ▶ Florists
- ▶ Forestry management
- ▶ Nurses
- ▶ Agri-science technicians
- ▶ Michigan Farmers Union
- ▶ Ranch owners
- ▶ Agriculture building contractors
- ▶ Flower growers
- ▶ Fruit growers
- ▶ Local and county elected officials
- ▶ Specialty fruit growers
- ▶ Agri-Tourism, local and state

# AGRICULTURE

## Agriculture as an Economic Engine in Michigan

### Background

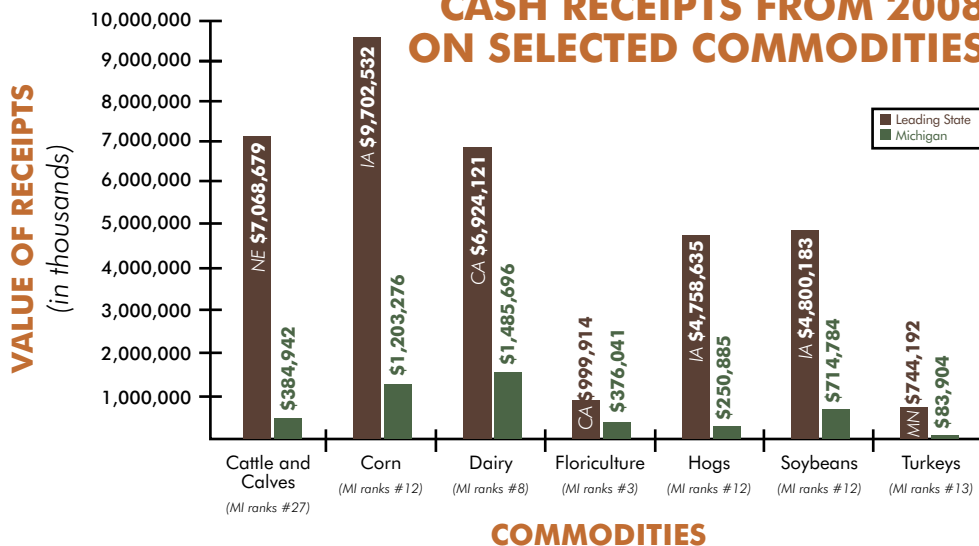
Michigan's agriculture industry now employs more than 1 million people, about the same as the automotive sector. The agriculture economy has been expanding at a rate more than five times faster than the general economy. While the rest of the economy has been spiraling downward, in the past decade Michigan agriculture has invested more than \$1 billion in innovation, infrastructure and production facilities.

Michigan has some of the most efficient egg and turkey producers in the nation. Michigan farmers are known across the country and throughout the world for their dry bean production and as some of the most innovative potato growers – and now processors – in North America. It's easy to miss the growth of the dairy sector and the success of our grower-owned sugar processing company. Michigan's non-food floriculture sector of greenhouses, nurseries and specialty crops is third in the nation, with sales exceeding \$366 million annually.

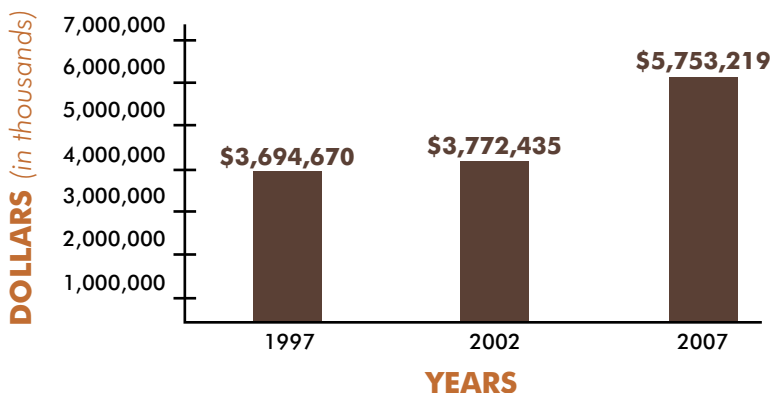
In the public hearings, there were repeated comments regarding the importance of agriculture and its history in the development of Michigan. One of the most frequent comments noted the lack of economic incentives or support for an industry which has been proven successful. Assistance to speed up and expand the growth of agriculture in the state is needed. Most individuals testifying were mystified as to why large amounts of taxpayer dollars are being spent to attract a nominal amount of new jobs in targeted industries when there could be many more jobs added in the agriculture sector with comparably fewer dollars.

Those in the agricultural arena are very cognizant of the growth seen over the last several years and are proud of that fact. Innovation, new technology and hard work have kept this sector strong. Farmers have quietly gone about their work for generations, adapting to the changing economy and consumer demand, but have finally recognized the public and government have forgotten and often misunderstand their consistent and important growing contribution.

### CASH RECEIPTS FROM 2008 ON SELECTED COMMODITIES



### MARKET VALUE OF MICHIGAN AGRICULTURAL PRODUCTS SOLD



There was strong support for the effectiveness of some MDA programs. The concern was that members of the agriculture community don't always share the news about what is good in agriculture and only the bad news seems to get an abundance of attention. The voluntary Michigan Agriculture Environmental Assurance Program (MAEAP) is just one example of a successful collaborative effort between farmers and the MDA. Read more about the MAEAP program in the state regulations portion of this report.



## Right to Farm

The Michigan Right to Farm Act was enacted in 1981 to provide farmers with protection from nuisance lawsuits, needs to be promoted more. Over the years, the MDA and the agriculture industry have worked together to develop and adopt Generally Accepted Agricultural and Management Practices (GAAMPs) for farms and farm operations in Michigan. These voluntary practices are based on available technology and scientific research to promote sound environmental stewardship and help maintain a farmer’s right to farm.

## Agri-Tourism

During the hearings, it was expressed that Michigan agri-tourism deserves more promotion. Agri-tourism combines two very strong segments of our economy by showcasing Michigan grown food products and providing families an enjoyable environment to experience locally produced products, agricultural heritage, diversity and experiences. As discretionary income diminishes, agri-tourism presents an affordable way to take a mini-vacation. Michigan’s geographic location offers a reasonable drive from many population centers, allowing agri-tourism to become an area that can continue to grow. Michigan’s numerous county fairs showcase local agricultural products and provide a wholesome family environment that encourages youthful participation in 4-H programs and other opportunities to enjoy the agricultural experience. In conjunction with that, several appeals were made to maintain or strengthen the Pure Michigan campaign, making certain to highlight Michigan’s agri-tourism opportunities.

## Buy Michigan

Suggestions included incentives for buying from other Michigan suppliers and continuing advertisements to make consumers at all levels aware of what is made and grown in Michigan. Due to recent budget cuts, the MDA has less funding to help farmers market their goods. One of the casualties of losing the economic development division was the Select Michigan program that encouraged purchase of Michigan-grown produce. “We still give advice when people call,” MDA Director Don Koivisto said recently. “We can’t do as much promotion as we would like.” He said cutting the program was particularly ill-timed because there is a growing emphasis on buying local food. “Food is one sector people have started to identify with,” he said.

### MICHIGAN COMMODITIES RANKED FIRST IN U.S. AGRICULTURE

Item	Unit	Quantity in 1,000s	Percent of U.S. market
<b>Black Beans</b>	Cwt	1,691	57.8
<b>Dry Beans &amp; Cranberries</b>	Cwt	108	76.6
<b>Red Beans</b>	Cwt	425	52.1
<b>Blueberries</b>	Pounds	110,000	31.5
<b>Tart Cherries</b>	Pounds	165,000	77
<b>Cucumbers (for pickles)</b>	Tons	189	33.4
<b>Other Herbaceous Perennials</b>	Pots	21,125	14.6
<b>Geraniums (seed and cuttings)</b>	Pots	22,172	36.4
<b>Niagra Grapes</b>	Tons	22	36.4
<b>Impatiens</b>	Flats	1,932	22.3
<b>Petunias</b>	Flats	1,476	19.8
<b>Squash</b>	Cwt	1,320	19.7

Source: National Agricultural Statistics Service - 2008

## Agriculture as an Economic Driver

Agriculture has been affected by the state's economic struggles, but that means percentage of growth was single-digit in 2009 rather than the double digits it had seen in the past decade. Michigan's farmers and food processors are poised for more growth as the economy picks up, but they expect to see less help from the MDA as they build and expand. The department has cut back on its economic development efforts with the loss of its division dedicated to that growth. In an effort to offset the loss of its development arm, the MDA has strengthened its cooperation with the Michigan Economic Development Corporation.

According to a recent report on **The Economic Impact and Potential of Michigan's Agri-Food System** by the Michigan State University Product Center for Agriculture and Natural Resources, Michigan exports about one-third of its agricultural products each year. Furthermore, some products, for example pork, may be grown in Michigan, processed out of state, and then transported back into the state for final consumption. The MSU Product Center report points out that 43 percent of Michigan-grown foods are wholesaled and retailed in-state. This report clearly demonstrates the need to increase in-state agricultural processing facilities to be developed using the economic incentive tools already available. There needs to be a greater emphasis on the agricultural sector.

In 2000 the Julian-Stille Value-Added Act was enacted into law to create the Agricultural Development Fund to help develop value-added agricultural processing and agricultural ventures. The MSU Product Center has demonstrated the value of this program with aggressive efforts to increase value-added facilities and agri-tourism since the program's inception. Unfortunately, due to Michigan's continuous budget deficits, funding for the program was eliminated mid-decade. In 2009, the House Republican Caucus proposed that \$50 million of federal American Recovery and Reinvestment Act funds be made available for value-added agriculture grants to provide further incentives for agricultural businesses to build, expand and create more jobs to spur Michigan's long term economic recovery. Unfortunately, the Granholm Administration chose not to pursue this job creation strategy.

Ethanol development nationally has stalled, largely because it was built up so rapidly a few years ago. The rapid build up was causing corn and soybean prices to increase dramatically. The growth was such that it couldn't be sustained. The sector lost market share as the price of gasoline fell last year. The state has lost one of its planned ethanol plants. This further proves the importance of allowing the free market to prevail, rather than government mandates attempting to pick winners and losers using unfair incentives. Having said that, ethanol will continue to be a substantial player in the alternative energy market, particularly with a federal push to increase the amount that is blended with gasoline for most uses. The state, particularly its soybean growers, could also benefit from a new push for biodiesel mixes.

Despite the growth in the industry, the MDA will see further shrinking in its budget for 2010-11. The cuts recommended by Governor Jennifer Granholm appear to punish some of the most successful, cost-effective initiatives in state government. It does not make sense.



## State Impact on Property Taxes

Since Proposal A was adopted in 1994, agriculture property with some swamp or forestland has been classified as agricultural land. But with the state budget challenges, the state has been aggressively trying to erode the forestland exemption in order to charge Michigan farmers a higher tax rate.

The task force revealed a desire to restore all Michigan agriculture land to its rightful position and protect farmers from higher property tax rates. It is imperative that all farmer-owned woodlots or forestland with a forest management plan be classified as agricultural and qualify for the existing 18-mill agricultural exemption. The land would qualify whether it is contiguous or not to the main farming operation. The agriculture exemption is a huge benefit to Michigan farmers because it has helped them lower costs, create jobs and strengthen our overall agriculture industry. Increasing property taxes on farmers by tweaking the exemption merely to bring more tax dollars to Lansing is the absolute wrong approach.



## ACTION:

### AGRICULTURE AS ECONOMIC ENGINE

AGRICULTURE'S GROWTH POSITION AND ECONOMIC RANKING IN THE STATE INDICATES A READY-MADE INFRASTRUCTURE DUE TO A STRONG PRESENCE WITHIN MICHIGAN. STRENGTHENING MICHIGAN AGRICULTURE REQUIRES LESS MONEY THAN TRYING TO LURE NEW BUSINESSES REQUIRING NEW INFRASTRUCTURE.

- ▶ Investment by the private sector for research and development must increase. Specifically, Michigan needs to acknowledge current investment and job creation by providing the same tax incentives for innovative agricultural processes as are currently provided to alternative energy proposals.
- ▶ We strongly support individual and cooperative efforts by producers to improve income with processing and marketing methods which add value to raw farm products while maintaining food safety.
- ▶ Increase investment by the private sector for food processing. Take advantage of food sources grown or produced in our state by increasing the availability of Agriculture Renaissance Zones and set a goal of increasing the percentage of in-state processing facilities from the current 43 percent to 75 percent within ten years. The economic activity generated by development of these facilities will return an eight-fold increase when compared to the tax collected on currently unused properties.
- ▶ State websites provide a wealth of information on business resources, however they are often difficult to find and navigate, particularly for agriculture based businesses. The task force recommends that the MDA revise their website and provide two-way links to the Michigan Business One Stop website. We also suggest that the current One Stop website dedicate a section to Michigan's second largest industry, agriculture. More information needs to be readily available for food processing facilities, as well as resources for information regarding permit requirements, financial tools that are available and other areas within state government that can provide assistance and technical information similar to how the MEDC operates currently.
- ▶ The House Republican Strategic Task Force on Jobs earlier this year recommended that the MEDC consolidate its economic incentive program. This task force reinforces these findings and urges that specific emphasis is placed on Michigan agriculture.
- ▶ Promotion of Buy Local, Buy Michigan through an advertising logo on state materials as they are printed or reprinted and make the logo available to Michigan businesses that buy and sell Michigan products. Assure that the Pure Michigan efforts include a "Grown in Michigan" and other agricultural promotions in the marketing program.
- ▶ Enact House Bill 5924 (Calley) to restore Michigan agriculture land to its rightful position and protect farmers from higher property tax rates. Under the legislation:
  - All farmer-owned woodlots or forestland with a forest management plan would be classified as agricultural and qualify for an existing 18-mill agricultural exemption.
  - The land would qualify whether it is contiguous to the main farming operation.

# AGRICULTURE

## Increase Michigan's Timber Harvest to Promote Economic Activity

### MICHIGAN HAS 19.3 MILLION ACRES OF FORESTLAND.

- ▶ 57%, 1.1 million acres is non-industrial privately owned
- ▶ 14%, 2.7 million acres is federal government owned
- ▶ 8%, 1.5 million acres is under industrial ownership
- ▶ 21%, 4.1 million acres is state owned forestland.

Although forest growth is 825 million cubic feet, annually Michigan currently only harvests 360 million cubic feet a year. Michigan's forest cover has increased by 7% since 1980.

For nearly two decades, despite legislative efforts the Michigan Department of Natural Resources & Environment (DNRE) has refused to increase timber harvest activity on state forestland.

Current timber harvests from state land account for less than 25% of the total forests products industry's \$14 billion economic impact with 200,000 Michigan jobs, creating \$1.1 billion in state and local taxes.

Michigan's annual growth of forest is 2.7 times the amount harvested, and there remains significant potential to increase the current growth rate through enhanced management. The Michigan Forest Products Council reports that harvested wood contributes about \$14 billion to the Michigan economy and represents more than 5 percent of Michigan's manufacturing jobs. A 50 percent increase in our use of available wood biomass would produce a multi-billion dollar impact on our economy, taking into account that this increase cannot be achieved until more infrastructure for our bio-economy is in place to use it.

There are a number of proposed projects on the drawing boards to increase Michigan's bio-mass and timber production activities, such as the \$44 million dollar energy plant project being undertaken by Verso Paper in Iron Mountain. The project would more than double the mill's capacity to generate electricity from wood fuel, and further reduce the mill's dependence on electricity produced largely from coal. Company officials estimate that the plan will deliver \$10 million in annual energy savings to Verso.

In addition to the energy savings to Verso, the project will benefit the company and the community by retaining jobs at the mill, creating about 50 permanent, ancillary jobs in the forest products industry, and approximately 120 short-term construction jobs.

However, to sustain plants such as these, there must be an increase in the state's timber harvest capacity. If there is not, these jobs-producing projects, and their attendant environmental benefits, will stay on the drawing boards

The estimated wood fiber requirements to meet the intended expansion in Michigan's economy will mean a doubling of today's forest yield in the state of Michigan. These additional harvests can be done under sustainable forest certification with no adverse environmental impact. New markets can also reduce fuel loading and address conditions that lead to forest health problems. Much of the new volume must come from improving utilization of current harvest and from directing currently unmerchantable wood and biomaterials away from waste streams.

The total biomass growth of Michigan timberland is 1.1 billion cubic feet per year. Although this volume is substantial, it only represents the inventory of what is accessible in Michigan's forests. It does not account for the growth that is not available because of geographic, biological, economic or social constraints. Even after accounting for these constraints, the supply of biomass for wood energy, by definition, is how much volume would be available at what prices. It is these steps from inventory, to available biomass, to biomass supply that is essential for the state to complete an analysis of Michigan's wood biomass resource.

It is calculated that following these recommendations and increasing the harvest of Michigan's Renewable Resources of timberland will conservatively increase the revenue to the MI Forest Development Fund by \$25 million. In addition, by shifting the work to local conservation districts the costs should be reduced by approximately \$10 million.

The increase in economic activity will positively impact state and local tax revenue. There is a remarkable opportunity for Michigan to accomplish several goals including increased economic activity, job creation and increased tax revenue, opportunity to improve the long-term health and sustainability of state forests and plant more trees in Michigan.

## ACTION:

- ▶ *Transfer Forest Management and timber production responsibilities from DNRE to MDA.*
- ▶ *Increase the timber harvest on 4.1 million acres of state owned forestland and generate increased sustainable forest management on non-industrial private forestland.*
- ▶ *Forest-based activities under the jurisdiction of the federal government are considered agriculture based, and USDA operates those programs.*
- ▶ *Define private landowner timber sales as agricultural operations, phasing those timber sales out from the MI Business Tax gross receipts base.*
- ▶ *Within MDA, have Michigan Conservation Districts operate the timber harvest program with the private sector.*
- ▶ *Increase annual timber harvest level to treat a minimum of 100,000 acres in the first year, and implement an annual sustainable volume increase in subsequent years. Increased production coupled with cost-savings will generate a \$25 million increase to the Forest Development Fund in the first year alone.*

# AGRICULTURE

## *Effect of State Regulations on Michigan Agriculture*

The DEQ (now DNRE) has a history of prolonging permit application processes. Often rules and guidelines change several times during the process thereby creating uncertainty. During one of the hearings, Ed Kretchman, of the Berrien County Farm Bureau, addressed the task force regarding the DNRE's arbitrary regulation of agriculture. It is vital that we minimize the amount of state government intrusion into everyday agricultural operations. While the farmers who testified were very mindful of the need for maintaining standards and assuring safe products, numerous comments were made about duplicate information being required in different reports, conflicting requirements in government programs and burdensome reporting that seemed unnecessary, all requiring extensive time and money to complete. Once the additional information was provided, farmers could expect slow and inconsistent response times from the DNRE.

It is important that regulatory bureaus provide consistency and certainty with existing government regulations, we need to eliminate the so-called moving targets. Several people shared their frustration with conflicting requirements within the same department or between identical situations or operations. Clear, well-communicated regulations are needed so these businesses can meet them. Again, everyone understood the need for many of the regulations, but clearly there is a lack of clarity or there is an inconsistency in enforcement that caused hardship with meeting and/or reporting compliance.

The Michigan Agriculture Environmental Assurance Program (MAEAP) was developed in the late 1990s by a coalition of farmers, commodity groups, state and federal agencies, and conservation and environmental groups to provide a venue for farmers to become better educated about management options in order to help protect and enhance the quality of natural resources. It is not a government or regulatory program, but rather a partnership for the protection of natural resources and advancement of positive community and neighbor relations.

Their mission is to develop and implement a proactive environmental assurance program ensuring that Michigan farmers are engaging in cost-effective pollution prevention practices and working to comply with state and federal environmental regulations. It is an innovative, proactive program that helps farms of all sizes and all commodities voluntarily prevent or minimize agricultural pollution risks.



With confidentiality guaranteed by law, MAEAP provides a structure under which Michigan farmers are assured they are effectively following all current Right to Farm Generally Accepted Agricultural and Management Practices (GAAMPs) and are working to comply with state and federal environmental laws specific to each system of the program.

Farmers were satisfied overall with the voluntary MAEAP program and want the MDA's continued authority over the program. Concerns were expressed by smaller operations about the time and expense involved in qualifying for the designation, and many suggested

the expansion of the progressive planning program to assist in varying stages so they can work their way to full MAEAP verification.

It is vital to agricultural operations that MDA inspection programs of commodities continue to work effectively. According to those who offered testimony before the task force, most felt that MDA inspections worked well, however, concerns about timing, lack of enough inspectors and occasional inconsistencies were mentioned.

In some areas zoning ordinances have not kept up with industry changes to meet agriculture zoning needs. For example, pastureland traditionally has been zoned agricultural, but that is not necessarily the case. Additionally, minimum requirements do not always take untillable land into account, such as wetlands or forest areas. Examples were offered where a crop farmer had created drainage for fields and then, over the years, it has become a wetland according to the DEQ. As farms become more dense to better utilize the land, percentages have changed on how an agricultural use is determined, resulting in farmers paying more in property taxes than the law intends.





## ACTION:

### STATE REGULATIONS.

- ▶ *Minimize intrusion and waste by the state by eliminating duplication between state and federal regulations to decrease the number of reports that are required. State regulations must be consistent with federal regulations.*
- ▶ *Provide written direction for state regulations to eliminate unclear messages as far as regulations and required tasks. This would eliminate a moving target in order to achieve compliance.*
- ▶ *Retain MAEAP within the Department of Agriculture.*
- ▶ *Support MAEAP by giving it the force of law in statute while maintaining its ability to continue to evolve, particularly by providing meaningful incentives to encourage more farmers to complete the program. Incentives would include, once certified, more elasticity in the environmental inspection structure.*
- ▶ *Support efforts by small farms to achieve graduated levels of certification in MAEAP.*
- ▶ *Insist on consistency within inspection programs from one operation to another by requiring written inspection points so each inspection is objective and not subjective based on an individual inspector's interpretation.*

*Additionally, the task force encourages the passage of several bills that are designed to streamline and improve the inspection and permitting processes within state government. Each of these bills would increase the agency's efficiency and encourage transparency in agency operations:*

- ▶ *HB4898 (Stamas) requires peer review of the DNRE inspection and permit programs.*
- ▶ *HB 4902 (Agema) requires the DNRE to randomize inspections.*
- ▶ *HB 4908 (Bolger) permits private, licensed professional to review and approve DNRE permit applications.*

# AGRICULTURE

## *What Michigan Agriculture is Doing Right*

### A Regional Success Story

In November 2009, the West Michigan Strategic Alliance (WMSA) released a report, *West Michigan Agriculture: Status and Conditions*. The report--a partnership between WMSA, the Land Policy Institute (LPI) at MSU and MSU Extension--measures changes in economic data about agriculture from 1997-2007. The study compares West Michigan to the rest of the state and has detailed assessments of the agriculture sector in each of the region's eight counties.

The report provides solid numbers on the economic impact of agriculture in the eight-county West Michigan region over the last decade:

- ▶ Agriculture provides \$103 million in state and local tax revenue (in 2007 dollar values);
- ▶ More than 26,000 jobs and more than \$579 million in labor income come from agriculture;
- ▶ The value of the region's economic output from agriculture is more than \$1.6 billion (in 2007 dollar values);
- ▶ West Michigan accounts for 28% of the state's total agriculture sales;
- ▶ While the number and size of farms and agricultural land had declined from 1997-2002, all had equaled or surpassed 1997 totals by 2007. As of 2007, West Michigan had: 9,289 farms; 1,478,253 acres of farmland; 1,011,212 acres of harvested crop land and on average farm size of 159 acres.

In addition, the report breaks down figures for each county, including acres of land devoted to and income derived from each type of crop or livestock. Information is provided in tables as well as coded maps.

- ▶ This report is the first step of a study to assist the West Michigan counties of Allegan, Barry, Ionia, Kent, Montcalm, Muskegon, Newaygo and Ottawa in developing a Comprehensive Regional Strategic Plan for Agriculture. The goal of the planning processes is to ensure that agriculture remains a sustainable and viable resource for the West Michigan region and a vital part of the state's economy.



# AGRICULTURE

## *Deer and Wildlife Damage*

During each of the five public hearings, farmers talked about how white-tailed deer continue to cause economic difficulties for Michigan farmers due to crop damage. Large-scale efforts are necessary to reduce deer populations in many areas of the state. Farmers should have the legal right to manage an overpopulation of wildlife on their land in order to avoid economic losses through destruction of their crops and livestock by wildlife without having to purchase additional permits through the DNRE.

In certain parts of the state, significantly increased hunting activity is necessary to effectively reduce the number of deer to a level that will alleviate overpopulation concerns. In these areas the DNRE needs to issue antlered and antlerless permits in a more timely fashion, waive permit fees if a landowner has experienced damage in the current crop production year and create a single permit to be used for deer management.

The DNRE currently has a complicated list of permits available to landowners: disease control permits, block permits and crop damage permits just to name a few. There are no clear guidelines to tell landowners what permit they might qualify for if they are experiencing wildlife damage. The DNRE needs to clarify their permit system and provide a concrete way of allowing landowners to know what options are available rather than leaving it to local biologists control.

Additionally, there needs to be a significant expansion or reinstatement of both early and late hunting seasons where needed. Grant all farmers, family members, and farm employees, the ability to harvest deer on their farm without license fees, as well as on rented or leased land with permission, where there has been significant crop damage. DNRE must provide automatic issuance of block permits for new fruit tree plantings and during the critical early years of the planting.



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## **ACTION:**

- ▶ *INCREASE THE NUMBER OF SHOOTERS ALLOWED ON OUT-OF-SEASON KILL PERMITS. HB 5309 (Proos).*
  - ▶ *REQUIRE THE DNRE TO ISSUE NECESSARY PERMITS IN OVER POPULATED AREAS THAT WILL PROVIDE FARMERS THE TOOLS THEY NEED TO MANAGE INTRUSIVE AND DAMAGING WILDLIFE ON THEIR LAND.*
  - ▶ *ENGAGE IN A WORKGROUP WITH ALL STAKEHOLDERS TO CLARIFY THE PERMIT PUZZLE SO THE RULES ARE CLEAR AND SIMPLE TO UNDERSTAND. LANDOWNERS WILL COMPLY IF THE RULES ARE STRAIGHTFORWARD AND FAIR.*
-

# AGRICULTURE

## *Horse Racing Industry*

According to the 2009 Michigan Harness Horseman Report, horse racing of various breeds in Michigan is an economic contributor of nearly \$1 billion annually that employs more than 12,000 people in the state. Most equine farms are multi-generation family farms that hire additional help, while supporting other agriculture producers and services.

In 2009, an Executive Order from Governor Granholm transferred the Office of Racing Commissioner to the Department of Treasury's Gaming Control Board (MGCB). The immediate result of this move was that 65% of the racing dates in the state were eliminated by state regulators. Eventually some were restored, but those in the horse business felt this was a clear indicator that there isn't an understanding of the importance the equine industry plays in the state.

Michigan needs to finally address the industry's long term funding problems. Those in the industry have repeatedly suggested that the Legislature needs to support expansion of gaming opportunities to tracks. Most felt the addition of "Instant Gaming" using unidentifiable past races, that has been adopted in Nebraska among other states, would be a solution that would not be expanding gambling, yet would provide an additional source of funding for the equine industry.

It was also noted that there needs to be a more concentrated effort to educate the public on the importance of horse racing to the state's economy. The general public does not seem to be aware of the importance and long history of the equine industry within Michigan.

The equine fund that the industry contributes to for the stated purpose of promoting the positive growth and development of the Michigan horse racing industry has been repeatedly raided and used for other agricultural purposes in the past. The Agriculture Equine Industry Development Fund (AEIDF) is a state-restricted fund created in 1995 to provide funding for agriculture and equine industry development programs. The primary source of AEIDF revenue is a 3.5% tax on simulcast race wagering. For fiscal year 2008-09 this tax generated approximately \$6.7 million, revenue from the simulcast racing tax has been declining over the past several years. In addition, the AEIDF receives revenue from fees, fines and a portion of uncashed winning wagering tickets, estimated at approximately \$625,000 for FY 2008-09.

From 2004 through early FY 2008-09, the AEIDF also received revenue from a portion the Casino Wagering Tax, a tax levied on the three Detroit casinos. This revenue source was intended to temporarily supplement the horse racing industry and was designed to phase out as the three Detroit "temporary" casinos established themselves in permanent locations. The tax revenue in FY 2008-09 was less than \$500,000, with no revenue from the tax in FY 2009-10.

Since 2004, the fund balance has also been used to offset shortfalls in the state General Fund. During this period, the shortfall between GF/GP revenue and expenditures was covered largely through the use of one-time revenue sources, including the transfer of state restricted revenue to the state General Fund. The AEIDF was one of the restricted revenue sources tapped for transfer to the General Fund.

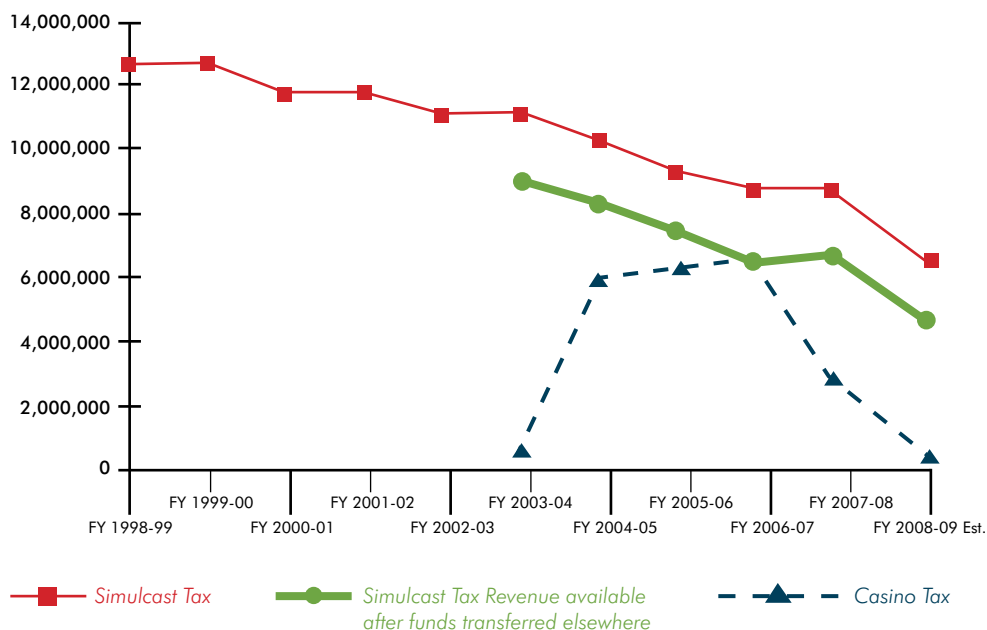


Much of the money contributed to the equine fund has historically been contributed by the industry itself. Over the years, it has been used for other purposes, such as the bovine tuberculosis testing program. Many concerns were raised about where the money has gone over the years and now, when times are economically challenging and there is ever-increasing competition from casinos, the state is withdrawing support from this industry.

Michigan horse racing is at a crisis level and in real danger of disappearing from our landscape. If Michigan is interested in assuring the survival of this historical agricultural segment, action needs to be taken.

## AGRICULTURE EQUINE INDUSTRY DEVELOPMENT FUND

Selected Revenue Sources – FY 1998-99 to FY 2008-09



## ACTION:

### SHORT AND LONG TERM SOLUTIONS NEEDED FOR SUSTAINING THE INDUSTRY:

- ▶ DEVELOP COOPERATION BETWEEN THE MICHIGAN GAMING CONTROL BOARD (MGCB) AND RACING OWNERS TO HELP PROMOTE MICHIGAN HORSE RACING.
- ▶ AMEND THE MAKE-UP OF THE MGCB BY REQUIRING INCLUSION OF HORSE INDUSTRY REPRESENTATIVES ON THE BOARD.
- ▶ REQUIRE TRANSPARENCY OF THE MGCB AND LEGISLATIVE OVERSIGHT OF THE COSTS ASSOCIATED WITH HORSE RACING BREED BY BREED.
- ▶ EDUCATE THE PUBLIC ON THE IMPORTANCE OF HORSE RACING TO THE STATE'S ECONOMY.
- ▶ RESTRICT APPROPRIATIONS FROM THE EQUINE FUND TO HORSE RACING USES.

# AGRICULTURE

## *Agriculture Education & Research*

Concerns were expressed that new high school curriculum standards need to include language that ensures agri-science counts toward graduation. Comments were made about the lack of electives in the high school curriculum that prevent students to explore agri-science. According to teachers, the curriculum to use agri-science as one of the science classes has been approved at the state level but needs local school board approval before it can be implemented. Approval for statewide acceptance was suggested.

Also identified was the need to provide more opportunities at the college level for agri-science programs. Not every student entering into agriculture can meet entry requirements at Michigan State University or desires a four-year degree. Associate degree programs need to be developed and more state colleges should offer degrees in agriculture.

Many compliments were given to the role MSU Extension offices play in supporting agriculture operations throughout the state. Concerns were raised regarding the funding that would be available for these offices and for the Agriculture Experimental Stations. This is where many of the innovations discussed throughout this report are synthesized and developed. This issue was raised regularly about the role these functions play in keeping current technology available to Michigan's farmers.



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## **ACTION:**

- ▶ *AMEND NEW HIGH SCHOOL CURRICULUM STANDARDS TO ENSURE AGRI-SCIENCE COURSE CREDITS COUNT TOWARD GRADUATION.*
- ▶ *ENCOURAGE ADDITIONAL SOURCES FOR HIGHER EDUCATION IN AGRICULTURE-RELATED COURSES AND DEGREES.*
- ▶ *DEVELOP A TWO-YEAR CURRICULUM IN AGRI-SCIENCES AT MICHIGAN COMMUNITY COLLEGES.*
- ▶ *IMMEDIATELY ADOPT A RESOLUTION ENCOURAGING ALL LOCAL SCHOOL BOARDS TO ADOPT A POLICY THAT ENSURES AGRI-SCIENCE CREDITS COUNT TOWARD GRADUATION REQUIREMENTS.*

# AGRICULTURE

## *Labor Issues*

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### **ACTION:**

- ▶ MAINTAIN CURRENT STATE LEVEL FUNDING FOR MIGRANT HOUSING INSPECTIONS.
  - ▶ ADDRESS A PERMANENT FUNDING SOLUTION FOR MIGRANT LABOR HOUSING INSPECTIONS IN ORDER TO ENSURE TIMELY INSPECTIONS OF THOSE FACILITIES.
  - ▶ LENGTHEN COMPLIANCE PERIOD TO TWO-YEAR PERMITS IF FUNDING FOR INSPECTORS IS INADEQUATE.
  - ▶ MANDATE THAT INSPECTIONS ARE NOT CONDUCTED DURING HARVEST PERIODS, THE BUSIEST TIMES FOR FARMS.
  - SEND A RESOLUTION TO CONGRESS REQUESTING INCREASED SUPPORT OF REASONABLE REQUIREMENTS UNDER THE APPROPRIATE VISA PROGRAMS IN ORDER TO PROVIDE A GREATER NUMBER OF QUALIFIED WORKERS TO MICHIGAN.
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Most of the labor concerns raised during the hearings are federal. Several stories were shared ranging from inspection issues to loopholes that some migrant workers use to take advantage of employers.

A need to address long term funding solutions for Migrant Labor Housing inspectors was another often-mentioned concern. To keep costs down suggestions were made to lengthen the permit period to two or more years or provide a tiered inspection program that would have the "bad actors" inspected more frequently and those that consistently scored well inspected less frequently. A farmer can't hold "inventory" while waiting for an inspector to approve the housing for migrant workers. The lack of qualified and/or unwilling local help was key in underscoring the need for these migrant workers.



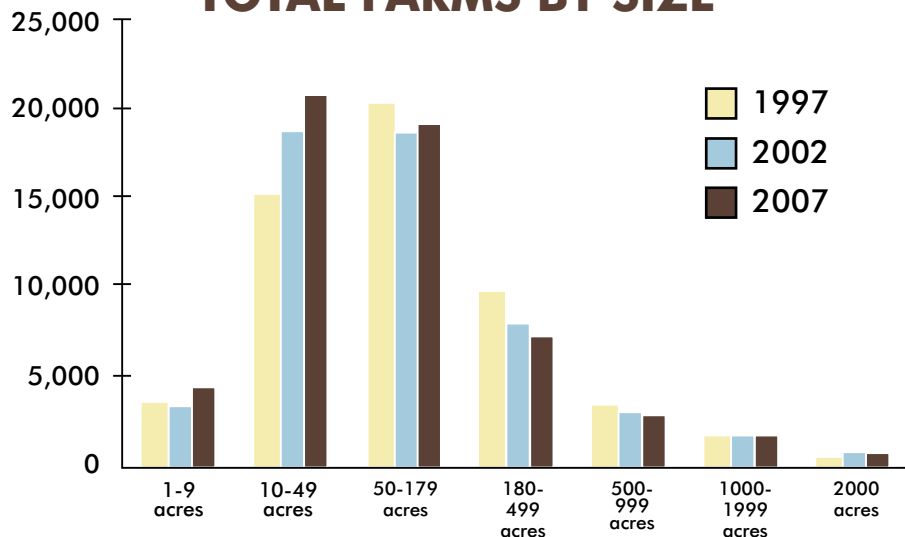
# AGRICULTURE

## Animal Care & Welfare

Large animal operations, when operated appropriately, are an integral part of agriculture in Michigan. A lot of discussion was heard about the misinformation that is publicized about Concentrated Animal Feeding Operations (CAFOs). There was agreement that in any industry there are players who blatantly disregard rules and regulations. More than 95 percent of Michigan farmers live on the land they farm, making them conscientious stewards of their land. Most of the large animal operations have invested heavily in ensuring compliance with regulations.

Care standards must be scientifically based. Animal operations are fearful of unreasonable standards being placed by people who know little or nothing about farming and the care of farm animals. These animals are how they earn a living, so they have no interest in engaging in harmful practices and in most cases have gone beyond the requirements to ensure appropriate treatment of their livestock.

### TOTAL FARMS BY SIZE



### ACTION:

- ▶ *WORK TO ELIMINATE POTENTIAL THREATS FROM OUTSIDE SOURCES TRYING TO INFLUENCE MICHIGAN RESIDENTS ON ANIMAL CARE AND SAFETY WITHOUT KNOWLEDGE OR EXPERTISE.*
- ▶ *CAFOS REGULATIONS MUST BE ENFORCED EVEN-HANDEDLY. THE STATE MUST ENSURE THAT WHEN VIOLATIONS ARE FOUND, REASONABLE PENALTIES ARE LEVIED AND OPERATORS ARE PROVIDED WITH COMPLETE WRITTEN DOCUMENTATION OF VIOLATIONS OF ANY REGULATIONS.*



# AGRICULTURE

## *Urban Agriculture*

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### **ACTION:**

- ▶ ASSIST THE CITY OF DETROIT IN REDEVELOPING ABANDONED PROPERTY FOR AGRICULTURAL PURPOSES.
- ▶ PROVIDE SPECIFIC INCENTIVES FOR DETROIT TO ADOPT ZONING CHANGES THAT WOULD CREATE A LOWER TAX RATE FOR AGRICULTURE. WITHHOLD A PERCENTAGE OF STATE REVENUE SHARING IF THESE ORDINANCE CHANGES ARE NOT ENACTED.
- ▶ EXPAND AND DEVELOP AGRICULTURE RENAISSANCE ZONES FOR AGRICULTURAL, VALUE-ADDED PROCESSING SPECIFICALLY IN THE CITY OF DETROIT.
- ▶ ADOPT THE REPUBLICAN RESOLUTION ENCOURAGING THE DETROIT SCHOOL BOARD TO ADOPT POLICY THAT ENSURES AGRI-SCIENCE CREDITS COUNT TOWARD GRADUATION REQUIREMENTS.

The City of Detroit, once the fourth largest city in the nation, with a population of nearly 2 million and a symbol of America's industrial strength, today stands mostly as a desolate, post-industrial cityscape with a shockingly increasing percentage of vacant buildings, abandoned homes and miles and miles of empty, unutilized land.

Currently, fewer than 900,000 people live in the city and the prospects are for drastically fewer residents. "Detroit will probably be a city of 700,000 people when it's all said and done," says Doug Rothwell, CEO of Business Leaders for Michigan. "The big challenge is, what do you do with a population of 700,000 in a geography that can accommodate three times that much?"

It is estimated that of Detroit's 139 square mile footprint, at least 40 square miles is abandoned property. There is a growing movement that one piece of the solution should be urban farming. A recent report produced by the American Institute of Architects concluded that "Detroit is particularly well suited to become a pioneer in urban agriculture at a commercial scale." It is envisioned that vast sections of currently abandoned properties could be redeveloped for farming. "Pods" as large as 300 acres would be surrounded by valuable land ready for redevelopment. Eventually these visually stunning and technologically advanced areas would draw residential and commercial development.

There is currently at least one well-funded entrepreneur developing a business plan to establish 50 acres as soon as planting season 2010, with the ultimate goal of a commercial, for-profit crop farm totaling thousands of acres. He is working with the Detroit Economic Development Corporation in attempting to put together an incentive package that could include city land and a zoning adjustment that would create a new, lower tax rate for agriculture. This developer has committed to providing immediate local, full-time employment.

With current, unused infrastructure, there is also an abundant opportunity for livestock farms such as beef cattle, turkeys and swine. All of these operations would lead to local agriculture processing facilities and increased exportation of market ready products, and the transportation jobs that go with them.

Detroit's history is closely tied to farming. In the 18th and 19th centuries there were a number of "ribbon farms" established by French settlers such as the Chene and Joseph Campau families that cultivated narrow strips of farmland inland from the Detroit River. Streets named after them still run along those once abundant farms.

In addition, there is an ongoing movement of more than 700 urban farmers in Detroit, usually on small plots of 1/4 acre or so, that have celebrated the harvest season with parties brimming with locally grown food and drink. Local organizations are actively involved in the education process with youths experiencing the benefits and pride in growing a portion of your own food.

Agriculture development is obviously not going to be "the savior" of Detroit's revitalization. It can be one piece of the puzzle to re-establish abandoned properties, create local, good-paying jobs, help establish healthier lifestyles and ultimately increase property values and encourage development in the City of Detroit.

## AGRICULTURE TASK FORCE CONCLUSION

Michigan families have suffered for nearly a decade as the state has been entangled in an economic crisis. Agriculture has consistently been one of Michigan's strongest and most stable industries. Although it is the state's second largest industry, there is significant room for the industry to grow and prosper. With a commitment from the state to the industry, agriculture can serve as the foundation upon which Michigan can build its economic recovery. However, the state can no longer simply assume the industry's continued success. The state needs to immediately engage and actively remove the barriers that stand in the way of agricultural growth. The solutions presented in the House Republican Strategic Task Force Report provide a blueprint to do exactly that, and drive Michigan towards the economic recovery it desperately needs.

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