

**STATE OF MICHIGAN
COMMISSION OF AGRICULTURE
MEETING MINUTES**

CALL TO ORDER: The first meeting of the April 11-12, 1989, session of the Michigan Commission of Agriculture was called to order by Chairperson Elwood Kirkpatrick at 4:00 pm. The meeting was held in the Michigan Department of Agriculture Hearing Room, North Ottawa Building, Lansing, Michigan. The Chairperson asked Dr. S. Leon Whitney, Commission Secretary, to call roll.

ROLL CALL: **Commissioners Present:**
Elwood Kirkpatrick, Chairperson
Vernon L. Kretzschmer, Vice Chairperson
Dr. S. Leon Whitney, Secretary
Rita M. Reid

Commissioner Absent:
George A. McManus, Jr.

A quorum was present to do business.

MDA Staff Present (during portions of the afternoon):

Dr. Paul E. Kindinger, Director
Dr. Burton D. Cardwell, Chief Deputy Director
Christine Lietzau
S. M. Tomaszewski
Dr. David Wade
Jean Valley

Others Present (during portions of the afternoon):
Jann Ryan Baugh, Attorney General's Office
Pat Casey, Governor's Office
Henry Scholten, MI Assoc. of Fairs & Exhibitions
Howard Wetters, Governor's Office

APPROVAL
OF MINUTES: Commissioner Kretzschmer moved that the minutes of the March 22-23, 1989, session of the Michigan Commission of Agriculture be approved. (Seconded)
MOTION: **Motion carried.**

PROGRAM
REPORT: **Environmental Division.** At the March meeting, it was suggested that unique, practical and inexpensive solutions to troublesome problems be announced in the Michigan Farmer or other publications to inform the agricultural community. Ms. Christine Lietzau said this could be done when such solutions are developed and information is available.

Update on Tobe Strong Confined Hog Farm: Mr. Strong's attorney has contacted the Department of Natural Resources (DNR) about using corncobs and straw as a covering for Mr. Strong's lagoon. DNR is investigating whether or not this will be an acceptable alternative.

Corncob Covers for Lagoons on Confined Hog Farms: Ms. Lietzau checked with Michigan State University about the use of corncobs and straw as a cover for lagoons on hog farms. The University does not recommend using corncobs for this purpose because they do not remain in place under windy conditions and, therefore, the necessary fiber mat does not develop.

Proposed Revisions to Water Resources Commission Part 22 Groundwater Quality Rules: A copy of the proposed rules are on file in the Commission Office. Ms. Lietzau reviewed changes to the rules and their impact on agriculture.

Under current groundwater laws, DNR has the right to regulate everyone who applies waste onto the surface of the land or into the waters of the state. It is believed the intent of the revisions is to deregulate agriculture; however, DNR reserves the right to designate certain sized operations as "concentrated" and requires groundwater permits if there are problems.

Because there is confusion and concern about the definitions, a DNR representative will be invited to the May Commission meeting to explain the proposed revisions. If concerns persist about the proposed revisions, alternative language can be developed and submitted to DNR during the public hearing process.

These revisions will be presented to the Committee for Animal Agriculture for review during its meeting on April 12.

EXECUTIVE
REPORT:

Director's Report. Dr. Kindinger referred to the Director's Report (Attachment A) and reviewed the report with the Commissioners.

Correspondence: The Director reviewed the correspondence received; copies are on file in the Commission office.

Food Safety Proposal. Copies of the program revision request narrative for the Food Safety Assurance Program had been distributed and a copy is on file in the Commission office. A copy of the Executive Summary is attached (Attachment B). The proposal is a proactive way to address chemical, microbial and other toxins, and feed residues that can contaminate the food supply.

In addition to selected legislators, staff from the House and Senate fiscal agencies, Governor's office, and Department of Management and Budget reviewed the proposal before it was made public.

The proposal was announced by Senator DeGrow; newspaper editorials have been supportive and feedback positive.

Dr. Whitney commented that he felt this was a very good proposal, a program that the consumer wants, and one that should be done nationwide. The Commissioners expressed their support for the proposal.

Michigan State University raised some concerns about the proposal and meetings are scheduled to resolve their concerns.

ADJOURNMENT: Chairman Kirkpatrick adjourned the meeting at 5:25 p.m. Session to be reconvened on April 12, 1989, at 9:00 a.m.

CALL TO ORDER: Chairman Kirkpatrick called the second meeting of the April session of the Michigan Commission of Agriculture to order at 9:00 a.m., April 12, 1989.

Commissioners Present:

Elwood Kirkpatrick, Chairperson
 Vernon L. Kretzschmer, Vice Chairperson
 Dr. S. Leon Whitney, Secretary
 Rita M. Reid
 George A. McManus, Jr.

MDA Staff Present (during portions of the day):

Dr. Paul E. Kindinger, Director	
Dr. Burton D. Cardwell, Chief Deputy Director	
Neal Fortin	Dr. Fred Nurnberger
Lee Gonzales	Vince Parris
Mike Gregg	Julie Phelps
Jan Hayhow	S. M. Tomaszewski
Dr. E. C. Heffron	Sandy Yonker
James Manning	Jean Valley

Others Present (during portions of the day):

Dr. Richard Allen, Department of Commerce
 Jann Ryan Baugh, Attorney General's Office
 Debra Bogar, MI Assoc. of Conservation Districts
 Pat Casey, Executive Office
 April Clark, Department of Management and Budget
 John Ferris, Michigan State University
 Barbara Ghere, Agriculture Labor Commission
 Robert Huff, Michigan Harness Horsemen
 Donna Kauffman, Agriculture Labor Commission
 Pat McAvoy, Senate Democratic Staff
 Ron Nelson, Michigan Farm Bureau
 Steve Rohde, Director, Private Institutions Programs, Michigan Strategic Fund
 Henry Scholten, MI Assoc. of Fairs & Exhibitions
 Howard Wetters, Executive Office.

INTRODUCTION
 OF ASSISTANT
 ATTORNEY
 GENERAL:

Mr. Manning introduced Jann Ryan Baugh, Assistant Attorney General in charge of the Attorney General's Department of International Trade and Agriculture.

Ms. Baugh reported that the Tobe Strong case is being reviewed by a DNR hearing officer; the case is moving along but it may be fall before there is progress. The case regarding the Sands' confined hog farm in Jackson County is before Judge Tom Brown. A settlement conference was held April 11; results were not known at the time of the Commission meeting. A trial date for the Sands' case was set for this fall.

LEGISLATIVE
 REPORT:

The Legislative Report summarizing recently introduced legislation had been distributed and a copy is attached (Attachment C).

SB 64 and HB 4177 relate to jai alai wagering and intertrack wagering. Legislation similar to SB 64 has been introduced before; however, it has never been referred out of committee.

Commissioner Reid asked about the status of the Swartz Creek incident. Mr. Manning said the matter is still under investigation.

HB 4177 allows intertrack wagering--primarily a convenience for the betting public. This would allow instantaneous, simultaneous audio and visual transmission of races to other tracks and offer wagering. This bill is currently in the committee on appropriations and it has not been scheduled for a hearing.

MISCELLANEOUS: Commission Resolutions to Honor MDA Retirees:

MOTION: Commissioner Whitney moved that Commission resolutions be prepared honoring the following employees upon their retirement from the Michigan Department of Agriculture:

- Bernard G. Rendel, Food Division
- Robert Scheffler, Pesticide and Plant Pest Management Division

(Seconded) Motion carried.

Director's Out-of-state Travel Expenses:

MOTION: Commissioner Whitney moved that out-of-state travel expenses be approved for Dr. Paul E. Kindinger, Director, to participate in the following meetings:

- June 4-7, 1989--NEASDA Meeting, Durham, New Hampshire; and
- June 11-14, 1989--SASDA Meeting, Virgin Islands.

(Seconded) Motion carried.

NEXT MEETING: The next meeting of the Michigan Commission of Agriculture will be May 10-11, 1989, in the MDA Hearing Room, North Ottawa Building, Lansing, Michigan.

Change of Meeting Date: The June session of the Michigan Commission of Agriculture was changed from June 7 and 8 to June 6 and 7, 1989.

RIGHT TO FARM GUIDELINES-- ANNUAL REVIEW: The Right to Farm Act calls for the Commission of Agriculture to annually review the Right to Farm Guidelines to determine if changes are needed.

Commissioner Reid asked if a response had been received to the Commission's request to Michigan State University for available information on research and statistics for: (a) water usage; (b) animal welfare; (c) agricultural labor; and (d) pesticides which is to be used to develop further right to farm guidelines. The Director reported that MSU staff asked for clarification on the request, and that he and Dr. Cardwell will meet with university representatives on this matter.

Mr. Manning explained that the Right to Farm Act allows the Commission to receive testimony and

comments from the industry (MSU, MDA, organizations, commodity groups, etc.) for consideration in its review of the guidelines. The Director recommended Mr. Manning announce that the Commission is in the process of reviewing the guidelines and will consider comments from the public as part of that review.

MOTION:

Commissioner Reid moved that MDA staff announce that the Commission of Agriculture is reviewing the Right to Farm Guidelines and will receive comments (in person) during the May 10-11 and June 6-7, 1989, Commission meetings and written testimony will be received anytime during the period up to June 7, 1989. Formal action on the review of the guidelines will be taken at the July 25-26, 1989, Commission meeting. (Seconded)
Motion carried.

Commissioner McManus requested that MDA staff inform MSU that information should be gathered first on pesticides and water usage, then on animal welfare and agricultural labor.

Commissioner McManus further requested that Dean James Anderson be invited to the June Commission meeting to discuss pesticides and groundwater as related to the Right to Farm Guidelines.

**COMMISSION
POLICY:**

Commission Policy on Employee Conduct and Discipline: Mr. Manning postponed presentation of the policy on employee conduct and discipline until after he has had an opportunity to review the policy with the Director.

**PUBLIC
APPEARANCES:**

Mr. Robert Huff, Michigan Harness Horsemen's Association (MHHA): Mr. Huff spoke to the Commission about House Bill 4177 which would allow electronic (intertrack) wagering.

Mr. Huff distributed a statement listing the objections of the Harness Horsemen's Association to HB 4177 (Attachment D).

Intertrack wagering (ITW) will not raise the overall pari-mutuel handle and will not make wagering available in any new locations. ITW would send thoroughbred racing into seven Michigan-owned harness tracks; however, harness racing would go to only one thoroughbred track (which is owned by an international conglomerate). ITW would transfer the dominant handle from

harness horse to thoroughbred horse races which will be damaging to the economy of the Standardbred industry and the State of Michigan.

The association supports pari-mutuel wagering on tax-supported races at county fairs during fair week. MHHA believes this would be financially beneficial to fairs and would increase breeding and raising racehorses in Michigan.

MHHA asks for Commission support in its request that money from uncashed (lost) tickets (presently credited to the state's escheats fund) be placed in a fund for a hospitalization insurance program for trainers and drivers.

While MHHA believes that off-track betting (OTB) will be allowed eventually, it believes OTB has had a negative impact on harness racing in a number of other states. Therefore, MHHA opposes off-track betting (OTB) as provided in the proposed legislation. MHHA urges that OTB be observed in other states for a period of time, and Michigan's legislation be carefully drafted to assure support of agriculture and the continuation of Michigan's harness racing industry.

RECESS AND
RECONVENE:

Chairman Kirkpatrick recessed the meeting at 10:05 a.m. and reconvened the meeting at 10:19 a.m.

PUBLIC
APPEARANCES
(Continued):

Howard Wetters, Executive Office. Mr. Wetters spoke to the Commissioners about the department's budget, targets and status in the legislative process; the food safety proposal; and the relationship between MSU and the department regarding the program revision request for food safety.

PROGRAM
REPORTS
(Continued):

Financial Services Division--Commission Budget:

Mr. Tomaszewski distributed copies of the Commission's Expenditure Status Report as of March 31, 1989 (Attachment E). There were no questions on the report; therefore, it was received for the file.

MDA Budget: Mr. Tomaszewski reported that the department's budget is before the Senate Appropriations Committee. Copies of the MDA budget recommendations prepared by the subcommittee to the full appropriations committee were distributed (copy on file in the Commission office). Gross appropriation for MDA is \$64,346,300 with 658.8 FTE positions.

Update on Sale of U.P. Harness Raceway Assets on the U.P. State Fairgrounds to MDA. No responses have been received to letters sent to the Attorney General (about the legality of the sale) and to the Auditor General (to verify value of the assets).

PUBLIC
APPEARANCES
(Continued):

Henry Scholten, Michigan Association of Fairs & Exhibitions. Mr. Scholten asked about the status of the fair enhancement program.

Mr. Tomaszewski explained that this is a \$5.5 million supplemental appropriation that was carried forward from last summer into the current fiscal year. Most of the funds are earmarked for various projects and \$2 million is to be distributed to the county fairs. The first phase will provide approximately \$5,555 to each fair and the second phase will be distributed by competitive grants for larger projects to enhance fair operations and improve the agriculture-related activities of the fair.

There is a difference of opinion in the Legislature between the House and Senate concerning distribution of the funds. The department has been trying to facilitate a meeting between appropriate legislators on the matter. The department is awaiting a final decision from the Legislature and will abide by the wishes of the entire Legislature.

PROGRAM
REPORTS
(Continued):

Michigan Premium Program. Jan Hayhow updated the Commissioners on the Michigan Premium Program. The program is taking a little longer than anticipated to become operational. Emergency rules are being prepared. It is anticipated that the program for the first participants (eggs, asparagus, sausages and ground meats, and individually quick-frozen cherries) will be in operation within a few weeks.

Interest in the program is growing; 19 letters of intent have been received (some are from processors and retailers). A program for processors and retailers will be developed and operational next year.

PUBLIC
APPEARANCES
(Continued):

Mrs. Barbara Ghere, Agriculture Labor Commission and Donna Kauffman, staff person for that Commission. Ms. Kauffman said it was hoped that a joint meeting of the Agriculture Labor Commission

and the Commission of Agriculture can be scheduled. The Agriculture Labor Commission (ALC) consists of four growers, four public members, and a number of year-round and seasonal agricultural workers.

Major issues being discussed by the ALC at this time are the field sanitation rules, housing, and education and child care.

A bill was been introduced in the Legislature to adopt the federal standards for field sanitation for Michigan. However, a migrant workers group has filed a lawsuit declaring the Joint Committee on Administrative Rules unconstitutional.

Chairman Kirkpatrick asked if the ALC had a position on the federal field sanitation standards. Because of the diverse makeup and viewpoints of the ALC membership, Ms. Kauffman said a consensus had not been reached on the standards.

Chairman Kirkpatrick suggested that the ALC might consider supporting separate legislation or policies to address field standards for migrant and fulltime agriculture employees because there are distinct differences between the two groups.

Another concern of the ALC is the possible shortage of agricultural laborers this year because of changes in the immigration laws.

Commissioner McManus suggested that another issue to consider is the need to employ migrant workers in the processing plants. ALC might consider working with the Farmers' Home Administration (FmHA) to make changes so one percent FmHA loans could be available to ~~producers~~ PROCESSERS to build houses for the migrant workers.

Chairman Kirkpatrick recessed the meeting at 12:00 noon and reconvened the meeting at 1:20 p.m.

Assistant to the Chief Deputy Director. Dr. Cardwell introduced Sandra J. Yonker, his recently hired assistant. The Commission welcomed Mrs. Yonker to her new position.

Food Division. Dr. Heffron introduced Neal Fortin, standards coordinator for the Michigan Premium Program. At the request of the Director,

[5/10/89--
correct word
indicated]

RECESS AND
RECONVENE:

PROGRAM
REPORTS
(Continued):

Mr. Fortin briefly outlined his experience and background.

Viewing of "Second Look," a Channel 7 (Detroit) program on pesticides: Dr. Heffron was a member of a panel participating in the Channel 7 program on pesticides. Dr. Heffron said the program covered the use of pesticides on food and whether tests were adequate to assure that we have a safe supply of food. The Commissioners viewed a videotape of the program.

Environmental Division--Michigan Tornado Statistics: Mike Gregg introduced Dr. Nurnberger, state climatologist, who reviewed the recent publication, "Michigan Tornado Statistics 1918-1987" (copy is on file in the Commission office) and answered questions regarding the publication.

PUBLIC
APPEARANCES
(Continued):

Soil and Water Stewardship Week. Governor Blanchard declared April 30 through May 7, 1989, as Soil and Water Stewardship Week in Michigan.

Dr. Cardwell presented Ms. Debra Bogar, executive director of the Michigan Association of Conservation Districts, with the Executive Declaration in Observance of the 1989 Soil and Water Stewardship Week. A copy is also being displayed in the MDA Hearing Room.

RECESS AND
RECONVENE:

Chairperson Kirkpatrick recessed the meeting at 2:40 p.m. and reconvened the meeting at 3:00 p.m.

PUBLIC
APPEARANCES
(Continued):

Steve Rohde, Director, Private Institutions Programs, Michigan Strategic Fund. The Michigan Strategic Fund is affiliated with the Michigan Department of Commerce but is governed by a nine-member board. Its mission is to promote economic development in the state through unique and creative financing arrangements.

Mr. Rohde explained the Michigan Strategic Fund's innovative financing programs--the Capital Access Program, the Seed Capital Program, and the BIDCO Investment Program.

The Capital Access Program is administered through banks to provide loans that are somewhat more risky than conventional loans. This is done through an insuring mechanism to guarantee those loans (portfolio loan insurance program rather

than the loan-by-loan guarantee). The program has grown rapidly and to date 308 companies have received financing. Eleven agricultural-related companies have been financed. Loans have been made to food processing companies in addition to the 11 farm loans. There is potential for more growth.

Business and Industry Development Corporations (BIDCOs) are licensed and regulated private financial institutions that provide growth financing for companies that are too risky for conventional bank financing or the Capital Access Program and are not high tech enough to qualify for venture capital. BIDCOs also provide management assistance to these new companies. They are licensed and regulated by the Michigan Financial Institutions Bureau. The role of the Strategic Fund is to help establish BIDCOs by being an equity investor.

To date the Strategic Fund has committed \$10.5 million in six BIDCOs and it is anticipated that these will provide an estimated \$475 million of financing in Michigan businesses.

The Strategic Fund also has a Minority BIDCO Program designed to catalyze the formation of a number of minority-owned BIDCOs as part of the broader BIDCO industry.

The Seed Capital Program is similar to the BIDCO in that it creates another type of private financial intermediary. The seed capital funds are private venture capital funds which are focused on providing capital needed at the earliest stage (creation) of a business, plant, or management team. These are very high risk and very high return loans. Fifteen new companies have been started from funding from this program.

Copies of the Strategic Fund annual report will be mailed to the Commissioners when available. Further information about these programs can be obtained by calling the Strategic Fund office.

Dr. Richard Allen, Rural Business Partnership Program, Michigan Department of Commerce. The Rural Business Partnership Program was set forth in the Governor's State of the State and the program is just getting underway. Dr. Allen was named the executive director. There will be an

annual Governor's Conference on Rural Economic Development, a Rural Business Partnership Board has been established, and there will be a rural business partnership fund to provide grants to local communities for rural development.

Meetings have been held in rural communities throughout the state to ascertain needs. At this point the rural economics development program is not, and probably will not be, directed to agriculture per se; however, applications for grants can be filed and considered for agriculture-related businesses. Rural areas have indicated help is needed to establish manufacturing plants, provide services (transportation, health care, education), enhance tourism, and address DNR concerns (wetlands problems) etc.

It is not planned that the program will provide direct loans; rather, the local community will apply for grants, establish a revolving loan fund, and provide loans to the new businesses.

ADJOURNMENT:

There was no further business to be considered by the Commission; therefore, Chairperson Kirkpatrick declared the session adjourned at 4:00 p.m.