

MICHIGAN COMMISSION OF AGRICULTURE

**Geagley Laboratory, Gordon Guyer Room
1615 S. Harrison Road
East Lansing, MI 48823**

**MEETING MINUTES
JULY 20, 2010**

PRESENT:

Todd Regis, Chairperson, Michigan Commission of Agriculture
Don Coe, Vice Chairperson, Michigan Commission of Agriculture
Velmar Green, Secretary, Michigan Commission of Agriculture
Jennifer Fike, Michigan Commission of Agriculture
Audrey Herioux, Michigan Commission of Agriculture
Don Koivisto, Director, Michigan Department of Agriculture

CALL TO ORDER AND ROLL CALL

Chairperson Regis called the meeting of the Commission of Agriculture to order at 9:00 a.m. on July 20, 2010. Commissioner Green called the roll with Commissioners Coe, Fike, Green, Herioux, Regis, and Director Koivisto present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER COE MOVED TO APPROVE THE MEETING AGENDA FOR JULY 20, 2010. SECONDED BY COMMISSIONER HERIOUX. MOTION CARRIED.

APPROVAL OF JUNE 16, 2010, MEETING MINUTES

Commissioner Coe noted a correction on page 19 relative to figures for deer related accidents in 2009. It should read, "There were more than 61,000 automobile collisions and 1,408 injuries directly attributed to deer last year."

MOTION: COMMISSIONER HERIOUX MOVED TO APPROVE THE JUNE 16, 2010, MEETING MINUTES AS AMENDED. SECONDED BY COMMISSIONER FIKE. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting will be held on August 11, 2010, at the Escanaba Middle School in Escanaba. The Joint Michigan Commission of Agriculture/Natural Resources Commission meeting will be held the following day at the same location. Various agriculture tours for this Commission will also be included in the itinerary.

COMMISSIONERS' TRAVEL and COMMISSIONER COMMENTS

Commissioner Coe traveled for today's meeting. On June 29, he attended a Traverse City event, "Taste the Local Difference," to recognize the local food movement,

producers, and growers. The National Cherry Festival, held July 3-11 in Traverse City, was very successful and enjoyed its largest crowd in a number of years. He made a presentation at the July 12 Community Foundations meeting in Traverse City concerning the potential for incubator kitchen facilities in the Village of Grand Traverse complex. On July 14, he attended a Green Cuisine event in the Traverse City area, which brought together about 1,000 people, providing a show piece for local foods and growers. He participated in a workgroup yesterday that is addressing the issue of unwanted horses; of the 155,000 horses in the state, it is expected there are between 2,000 to 4,000 horses where the owners are unable to care for them and the workgroup is exploring opportunities to avoid abandonment of those animals. He has received media calls regarding the recently approved Cottage Food Bills and requested the department's Communications Office to issue talking points on this legislation. The department is currently developing these talking points and will forward to the Commission as soon as possible.

Commissioner Herioux traveled for today's meeting. She attended a Michigan State University (MSU) Extension programs meeting at the MSU Forest Biomass Innovation Center near Escanaba. In Bark River, there recently was a dedication for a Campbell's Soup Barn Restoration Designation, which was one of only five awarded in the nation. Campbell's \$5,000 donation, as well as many local donations, allowed for restoration of the barn, which was coordinated by the Stephenson Future Farmers of America.

Commissioner Green presented at the Michigan Milk Advisory Committee meeting during which representatives from Kroger emphasized the importance of the Select Michigan Program, which the Department is no longer able to fund. Kroger is very concerned and disappointed about the Select Michigan Program, because they are buying local and supporting a large advertising campaign focusing on Michigan produced milk. The Michigan Milk Producers Association Ovid Plant Open House held recently was by invitation only; however, in recognition of the community's involvement, he encouraged them to host an open house event for the public and that is now being planned for September. Crops in his area look good and a promising harvest is expected. His only travel was to attend today's meeting.

Commissioner Fike traveled for today's meeting and the Ag Expo Breakfast. She attended a Breakfast on the Farm event at the Horning Farm in Manchester, with over 3,300 people enjoying the successful event. The Food System Economic Partnership (FSEP), the organization for which she works, held their annual conference this month. The keynote speaker was Michael Sands, Executive Director of Liberty Prairie Foundation in Illinois and founder of the Farm Business Development Center, who shared information about their innovative farming incubator program. Recognizing the need to grow the next generation of farmers, FSEP is interested in initiating an incubator program in southeast Michigan. She also attended the Selma Cafe, which is a breakfast hosted in an Ann Arbor home and draws over 100 people each Friday morning. It is a local food breakfast, from which the money raised is used to purchase hoop houses for those interested in producing crops using unheated greenhouses. Last week, she attended the Chelsea Rotary lunch meeting with Ken Siler, from the Washtenaw County Farm Bureau, who reported on the status of the agriculture industry in that county. Also last week, she attended the Cottage Food Industry Bill signing ceremony in Ypsilanti;

this legislation will remove some of the barriers for small entrepreneurs in exploring the potential of starting a food-based business.

Commissioner Regis attended this morning's Ag Expo Breakfast and the Michigan Milk Producers Association ribbon cutting event in Ovid on June 30, having the opportunity to view inspection of Green Meadow Farms' milk delivery.

Relative to the Select Michigan issue mentioned earlier, he advised that a Commission Subcommittee was formed in April to address this concern. As a result of the two meetings held recently with the Governor's office and other key players, progress is being made toward continuing to market Michigan products. Commissioner Coe will be replacing him on that subcommittee and, along with Commissioner Fike, will continue those efforts.

The Commission requested that bullet points be prepared for the Commissioners on any future agriculture related legislation signed by the Governor. Additionally, it was requested that 100 copies of the "MDA at a Glance" brochure be prepared for each of the Commissioners to share as needed when interfacing with the community.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER FIKE. MOTION CARRIED.

MICHIGAN DEPARTMENT OF AGRICULTURE INTERN

Director Koivisto introduced Ms. Sowmya Surapur, an MSU student who is currently serving an internship with the department. She shared details of her various work assignments throughout the department and expressed appreciation for what she has been able to learn during her time with MDA.

DIRECTOR'S REPORT

Director Koivisto, along with several other MDA staff, participated in the Michigan Milk Producers Ovid Facility Open House on June 30. The program was well attended and it offered a great opportunity to celebrate a major accomplishment within Michigan's dairy industry.

He also attended the Northern Michigan Ag Day held in West Branch, which over 200 people attended. The day included a dairy tour and was also a "meet the candidates" event for the area.

The department has been working with Senator Stabenow's office regarding the next Farm Bill, providing information and participating in several conference calls, some of which have included various stakeholders. That office has done a tremendous job in tracking everything that is happening within agriculture.

Director Koivisto noted the department has been comfortable to call upon the Commission to cover events needing MDA's presence when staff are unavailable to attend. This participation by the Commissioners has been extremely helpful in these times of reduced staff levels and is greatly appreciated.

The Malburg Farms Livestock Siting Determination has been concluded. A longer timeframe was needed to complete the comprehensive review required and a great deal of staff time was spent in its completion. He advised that based upon review of the Act, the GAAMPs written in accordance with the Act, the department's internal review, the external review of the matter by the panel, the recommendation of the Commission of Agriculture, and the substantial amount of information submitted to him for review, he found the Malburg site meets the criteria of the Site Selection and Odor Control for New and Expanding Livestock Production Facilities, and the decision for site suitability is affirmed.

Commissioner Coe expressed his appreciation for the Director's comprehensive review of the Malburg Farms Livestock Siting Determination. Discussion ensued relative to potential review of the Site Selection Generally Accepted Agriculture Management Practices (GAAMP), specifically as it relates to determination of set-back distances. Director Koivisto confirmed the department has no authority to make any changes to a GAAMP; changes can only be facilitated through the committee of appointed experts within the formal GAAMP review process, which are ultimately approved by the Commission. Commissioner Coe noted the current GAAMP review process is adequate to address any concerns the Commissioners may have relative to any of the GAAMPs. That process includes a number of review meetings and public hearings. The other Commissioners concurred. Commissioner Coe added he is willing to participate in that already established review process.

DIRECTOR'S TRAVEL

Director Koivisto has no out-of-state travel planned in the near future.

GENE THOMPSON/MDA SCHOLARSHIP AWARDS: Jeff Haarer, Producer Security Services Section Manager

Mr. Haarer briefly explained the history of the Gene Thompson Memorial Scholarship Award, noting the scholarship was created in 2006 for Michigan Department of Agriculture (MDA) employees or their children attending Michigan State University (MSU). He announced that since competition resulted in a tie this year, the Scholarship Fund Board awarded two \$500 scholarships. He introduced this year's recipients, Jillian Gatesy, who is an MSU chemistry Junior from Williamston, and Kayla Kuchta, who is a pre-med major from Ann Arbor. Kalya's father is with the Pesticide and Plant Pest Management Division and Jillian's father is employed by the Geagley Laboratory. The Commission congratulated this year's recipients and wished them well in their studies.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

LEGISLATIVE UPDATE: Nancy Nyquist, Legislative Liaison

Ms. Nyquist distributed a document outlining the department's role in the Cottage Food legislation recently signed by the Governor, now Public Acts 113 and 114. Since this is entirely new, there will be a considerable learning curve as it is implemented and many inquiries have already been received. Information regarding the bills, including an example of the labeling requirements, can be found on MDA's website through a special link at www.michigan.gov/cottagefood.

Having been on break the last two weeks, the Legislature will be in tomorrow and next Wednesday. Because everyone is consumed by the election activities, it is anticipated not much action will be taken until after October.

House Bills 6042 and 6043 have moved out of the House Agriculture Committee. They have received a great deal of controversy because they would make lethal injection the primary preferred method of euthanasia for cats and dogs, as opposed to the gas chamber.

Before they adjourned, the Senate passed the Producer Security Farm Produce Insurance Bills and those are currently on the Senate calendar. These bills will accomplish some language and technical revisions which make the acts more user-friendly and will also provide an opportunity for funding restructure in the future if needed.

The Farmers Market on the Capitol lawn will take place Thursday, July 22, during which there will be a final ceremonial signing of the Cottage Food Legislation.

BUDGET UPDATE: Amy Epkey, Budget Officer

Ms. Epkey reported the most significant change regarding the budget since the last Commission meeting is that the Legislature did advance the K-12 budget and the Governor has signed that budget. All other departments' budgets, including MDA's, are still awaiting legislative action. Because focus is on the upcoming elections, no action is anticipated in the near future.

The 2011 budget has been complicated somewhat because there now is the potential loss of \$500 million of Medicaid dollars. Also, in terms of the 2010 budget, they are still looking at a \$300 million shortfall. Fortunately, the June revenue was up over \$100 million; however, we await final resolution of the 2010 budget.

In response to inquiry by Commissioner Fike, Ms. Epkey confirmed the Governor had proposed the elimination of funding for the Michigan Agriculture Environmental Assurance Program (MAEAP) with the transfer of the program to MSU. Because it would transfer with no funding, this could essentially eliminate the program. The House agreed with that proposal. The Senate's version restored 45% of funding for MAEAP. If that version is approved, it would allow the department to work with those farms already verified, but it would be very difficult to move any new farms into the program. Commissioner Fike expressed her concern, noting MAEAP has certainly made a considerable difference to the environment in Michigan.

Ms. Epkey, in response to Commissioner Green's question, confirmed the next step in the 2011 budget process is the Conference Committee and their recommendation report, which will be reconciliation between the House and Senate versions. There has been a great deal of support for MAEAP from the industry and many testified before the House and Senate. Obtaining any more than 45% funding depends largely on the agreed upon target numbers for the department. Commissioner Green asked if there were opportunity for the Michigan Department of Natural Resources and Environment

(MDNRE) to contribute to the program. Ms. Epkey advised all departments are facing financial challenges; and, although some funding had been granted from MDNRE to MDA for MAEAP in the past, that funding is no longer available. Commissioner Regis committed to approaching this subject during an upcoming meeting he will be attending with the Directors of MDA and MDNRE and the new chair of the Natural Resources Committee.

FERAL SWINE RECOMMENDATION: Sam Hines, Executive Vice President, Michigan Pork Producers Association (MPPA); Nancy Frank, Assistant State Veterinarian; and Nancy Nyquist, Legislative Liaison

Ms. Nyquist noted the legislation to allow the shooting of feral swine running at large was enacted as Public Acts 69, 70, and 71 of 2010. Hunters are requested to report what they shoot and a tracking report will be developed to indicate the success of the legislation. In the past year, she has worked with MDNRE on the recommendations of the Commissions to ban the shooting facilities through various draft legislation. Several legislators indicated they want to see results of the shooting of feral swine at large legislation before considering any additional bills.

Dr. Frank reported that a number of new partners have been added to the Feral Swine Working Group (FSWG), including the Michigan Hunting Dog Federation, the Natural Resources Conservation Service, and Future Media Corporation. She reviewed the current activities with FSWG, including potential outreach and publicity. The Natural Resource Conservation Service (NRCS) recently received a \$50,000 grant through the Great Lakes Restoration Initiative for a cost share program for the trapping of feral swine, which ties in with similar efforts by the U.S. Department of Agriculture (USDA) and the Michigan Wildlife Conservancy. In an effort to prevent the potential spread of Bovine Tuberculosis (TB) from feral swine to cervids, MDA's focus is on the TB Modified Accredited Zone through an increased education and outreach campaign. The area which needs additional attention is preventing pigs from escaping the swine shooting facilities – we must develop ways to stop the introduction of new pigs into the wild.

Mr. Hines advised feral swine pose a very serious issue for the pork industry. If a Pseudorabies outbreak were to resurface, it would constrain trade and seriously damage the pork industry in Michigan. Between 20,000 and 40,000 hogs per week are shipped into Ohio and Indiana for finishing. If the border were closed due to a disease outbreak, those hogs would essentially have to be euthanized. Even more important, the pork industry is now exporting nearly one third of its production nationwide and a disease outbreak would be devastating. The legislatively established Swine Health Committee (SHC) includes representation from pertinent state agencies, as well as producers from across the state. Realizing the potential seriousness of the threat from feral swine, in 2006, they passed a resolution encouraging MDA and MDNRE to aggressively pursue action to control and monitor imported swine used for hunting and to eliminate feral swine from Michigan. Additionally, blood testing was encouraged as a necessary component of a control program, as well as licensing of hunting preserves.

As the situation became more problematic, the April 2007 Michigan Commission of Agriculture and Natural Resources Commission Joint Resolution was passed recommending a ban of all recreational shooting of swine be implemented. The SHC

supported that resolution in its entirety. As time went on, it became apparent that political implications created problems for implementing that ban. In February of 2009, the SHC passed a resolution recommending until such time that it might be possible to completely eliminate the keeping of swine for sport shooting purposes, encouraged the adoption of legislation that would provide standardized, statewide regulations for the eradication of feral swine. It further supported the development and implementation of regulations and management practices for all sport shooting facilities maintaining swine, which included facility registration, identification of animals, disease testing, detailed record keeping, and fencing requirements that prevent animals from escaping the facility. Further, it recommended that until such regulations are implemented, all swine sport shooting facilities be quarantined.

Recent predictions by experts indicate there may be between 4,000 to 7,000 feral swine roaming around the state. It poses a potentially very serious threat to the pork industry in Michigan, which is a significant economic contributor to the state's economy. Although a ban is preferred by the industry, in the interim, it is supportive of regulation of the shooting swine facilities to better control the situation.

Dr. Frank noted that while the FSWG does not have a consensus on the issue of how to handle swine shooting facilities, not addressing the issue at all leaves us with a gap in our strategy for addressing the broad scope of the feral swine issue. The Commission was requested to allow MDA and the FSWG leeway to develop a regulatory framework for swine shooting facilities until such time as there may be a different legally mandated direction.

Ms. Nyquist reviewed details of proposed Commission action regarding feral swine, which would entail adopting a recommendation for legislation that would regulate the swine shooting facilities in Michigan. The recommendation addresses all of the points raised by Mr. Hines and Dr. Frank and would represent a starting point for moving forward.

Director Koivisto briefly reviewed the department's history concerning feral swine. If no ban of swine shooting facilities is implemented, then regulation of that industry is needed. If there were to be an outbreak of disease, there would be considerable criticism of the department for not having implemented something in the interim.

The Director reported that prior to acting on the proposed recommendation, the Commission should be informed of proposed action by MDNRE. Chair Regis recognized Mr. Russ Mason and Mr. David Eichinger with the MDNRE Wildlife Division. Mr. Eichinger advised they would like to preview an agenda item that will appear at the Joint meeting with the Natural Resources Commission (NRC) on August 12. MDNRE is proposing Invasive Species Order Amendment No. 1 of 2010 that proposes to add feral swine to the Prohibited and Restricted Invasive Species List. He explained the rationale for this proposal, namely the threat that is posed to our natural resources and vibrant livestock industry in Michigan by feral swine; and, he noted the need to be acting as aggressively as possible to arrest that threat. A presentation will be made at the August 12 Joint Commission meeting that will propose adding those various species to the Prohibited Species List. Essentially, this means that individuals may not possess, stock,

willfully introduce, or allow the release of feral swine in the State of Michigan. More detail will be provided in August and is being introduced today for the Commission to take into consideration as they discuss this issue.

In response to inquiry from Commissioner Regis, Mr. Eichinger confirmed the order would prevent the possession of those species as listed that are currently being hunted on swine shooting facilities. Commissioner Coe expressed that he, as well as the hunting industry, would oppose such an order; and added, he was not sure one could define a swine on a hunting facility as feral – how is that different from any other captive swine. Commissioner Herioux emphasized that properly operated swine shooting facilities and farms have a great economic potential for the state and should be considered accordingly. In response to inquiry from Commissioner Green, Mr. Eichinger advised the definition of feral swine in the order includes many common names – wild boar, Russian boar, wild hog/boar, Old World swine, razorback, and Eurasian wild boar, which are clearly distinguished from commercial swine. In response to inquiry from Commissioner Regis, Mr. Eichinger advised the order is for information only in August and will be eligible for action by the NRC in September. The proposed order is currently being finalized and will be provided to the Director who can then forward to the Commissioners prior to the August 12 meeting.

Director Koivisto advised if the Commission sees fit to pass the proposed recommendation regarding regulation of the swine shooting industry, it would become mute if the MDNRE order were to be implemented. He encouraged the Commission to take action, as opposed to leaving the status quo. MDA can initiate action toward regulation of the industry simultaneously with MDNRE's consideration of the proposed Invasive Species Order.

Following considerable discussion concerning the various proposed aspects of the recommendation, Commissioner Regis confirmed the following revised Feral Swine Recommendation is proposed:

Due to continued concern regarding feral swine and the threat these animals present to the commercial swine industry, the Commission recommends that legislation be sought which would establish:

- A mandatory registration program for all swine shooting facilities and facilities that sell swine to swine shooting facilities requiring them to establish with the department their location and herd numbers and also requiring record keeping
- A requirement for disease testing and surveillance on swine shooting facilities
- A requirement to create appropriate standardized confinement to prevent animals from escaping from swine shooting facilities
- A requirement for use of appropriate technologies to ensure the capability of tracking any escapees from swine shooting facilities
- A requirement for the assessment of fees necessary for the administration and operation of this registration and surveillance program
- A requirement for the assessment of fees and penalties when animals are allowed to escape from swine shooting facilities

MOTION: COMMISSIONER COE MOVED THE FERAL SWINE RECOMMENDATION BE ADOPTED. COMMISSIONER HERIOUX SECONDED. MOTION CARRIED.

On behalf of the pork industry, Mr. Hines expressed appreciation to the Commissioners for their having taken this action today.

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES) PERMIT PROCESS: Ken Rauscher, Director, and Brian Rowe, Section Manager, Pesticide and Plant Pest Management Division

Mr. Rauscher introduced Mr. Brian Rowe, Section Manager for the Pesticide Section of the Pesticide and Plant Pest Management Division, noting the division enjoys a close working relationship with the Environmental Protection Agency (EPA). Mr. Rowe advised the National Pollution Discharge Elimination System (NPDES) is coordinated in Michigan by MDNRE and is designed to regulate discharges of pollutants into the surface waters. It was never intended to cover pesticide use near or over water.

In 2001, there was a suit brought against the Talent Irrigation District and the 9th Circuit Court ruled in favor of those bringing the suit that a legal pesticide application to control weeds in the Talent Irrigation District killed fish. The determination was made that under the Clean Water Act (CWA), which requires NPDES permits, a permit should have been issued for that use, because the definition of pollutant could include chemicals and by chemicals, possibly include pesticides. It was never intended to be that way; however, that was the ruling of that court. As a result, EPA began to define a set of rules to separate pesticide use regulations from the CWA and facilitate their use under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). Their final rule stated that as long as you are applying a pesticide legally and according to label use directions under FIFRA, directly to, over, or near water, it should be regulated under FIFRA, not the CWA.

On January 7, 2009, the 6th Circuit Court held that the final rule was not a reasonable interpretation of the Clean Water Act and vacated the rule. The Court held that NPDES permits are required for (1) all biological pesticide applications that are made in or over, including near waters of the U.S.; and (2) chemical pesticide applications that leave a residue or excess pesticide in water when such applications are made in or over waters of the U.S.

On April 9, 2010, the U.S. Government filed a Motion for Stay of the Mandate for a period of two years. The Court granted EPA's request to stay until April 2011. The two years were to provide EPA time to develop, propose, and issue final NPDES general permits for unauthorized NPDES areas and to provide outreach and education to the regulated and environmental communities. The General Permit process would simplify the EPA process for applicators; however, they are duplicating the efforts of normal pesticide regulations under FIFRA and state law.

On June 2, 2010, EPA published a draft NPDES Pesticide General Permit for Point Source Discharges from the Application of Pesticides, requesting Docket comments by

July 19, 2010. This permit will set the standard for all state permits. Specific details of the General Permit contents were reviewed. The department submitted comments to EPA on July 19, 2010, including details relative to coverage under the permit, compliance with any pre-existing Endangered Species Act (ESA) actions, technology based effluent limitations, integrated pest management practices, Pesticide Discharge Management Plan, corrective action, suggested changes to the Appendix, and several miscellaneous comments. Essentially, the federal permit creates overlap under existing permit programs in MDNRE affecting these same areas. This creates a dual regulatory oversight control that raises questions and concerns as to which agency is doing what portion of this work. Since the General Permit is scheduled for finalization by December of this year and implementation in April of next year, the time line is very short for dealing with the concerns and questions.

While MDA maintains the position that legal pesticide use under FIFRA and state law should not require an NPDES permit under the Clean Water Act (CSA), MDA will continue to work with MDNRE as the state level General NPDES Permit is developed for pesticide point source discharges. Working cooperatively, MDA hopes to reduce redundant regulatory oversight, minimize economic impact, and maintain protection of human health and the environment.

Director Koivisto confirmed that concerns have been submitted to EPA, including the request for an opportunity beyond the April 2011 implementation date to consider working toward compliance assistance and to use enforcement discretion, as opposed to imposing fines and penalties. A copy of the department's comments will be forwarded to the Commission. Various draft state permits will be issued within the next month or so and may offer an opportunity at that time to discuss concerns in further detail. Additional information and any recommendations for Commission action will be presented at the September Commission meeting.

EXPORT INSPECTION UPDATE: Ken Rauscher, Director, and Mike Bryan, Nursery Manager, Pesticide and Plant Pest Management Division

Mr. Rauscher introduced Mike Bryan, Nursery/Export Manager for the department. He noted that MDA's export program is a cooperative program with USDA. Mr. Bryan reviewed background of the foreign export inspection in Michigan, noting that it assures that commodities meet phytosanitary standards as set by the destination country; facilitates passage to foreign markets; includes inspection of logs, lumber, hay, grain, plants, and seeds; requires official inspection; and provides for an official document – the "phyto." The phyto serves as the Federal Phytosanitary Certificate (FPC); is an internationally recognized document; signifies a clean bill of health; and identifies the commodity, origin, destination, exporter, consignee, and inspection.

Initially, the exporter files an application. MDA then researches export requirements and schedules an inspection; inspects the commodity per USDA policy; conducts testing; verifies treatments if required; and concludes with issuance of the FPC.

Staff requirements for an inspector were discussed, which include an appropriate degree and a structured training and certification program. Recent trends were reviewed, which include the Phytosanitary Certification Issuance and Tracking System (PCIT). PCIT,

which Michigan implemented in 2008, is an online system developed by USDA which allows national coverage for exporters, ease of data retrieval and reports, and uniform use of terms and format.

Also discussed were the recent increase in exports from Michigan. There were 2,400 FPCs issued in 2008 and 3,417 in 2009. Key export destinations include Canada (44%), Mexico (25%), European Union (13%), Pacific Rim (13%), and Caribbean Basin (4%).

PROGRESS OF SMALL DISTILLERS INDUSTRY: Commissioner Coe

Commissioner Coe distributed a Michigan Small Distillers Report, noting it has been over ten years since the Legislature authorized the distillation of fruit brandies by small distillers. This was intended to create a new industry for Michigan fruit. Three years ago, the Legislature extended distilling licenses to grain-based products to allow small distillers to produce vodka, gin, and whiskey. This Commission supported the extension as producers would use Michigan grown agricultural products. The plan was for success of a new industry benefiting Michigan growers and rural development.

Small distillers are limited to what they can produce – a limit that is not placed on most industries. The intention was good; but, after more than ten years of investment by less than a dozen small distillers, total sales have been only 5,000 cases of the 6.6 million cases of distilled spirits sold in Michigan; not a record of success, but one of failure. For the most part, Michigan distiller products are only available in the small distiller's single, on-site, tasting room. The problem is one of consumer access. It is very difficult in this state to get small distiller products introduced to the public.

Michigan small distillers requested help of the Michigan Liquor Control Board (MLCC) and it has assisted where it was able. However, what is really required is for small distillers to enjoy the same privilege that Michigan wineries have to open off-site tasting rooms, which would add to the economic activity in Michigan. This has worked well for the winery industry and would work equally well for our small distillers.

Senate Bill 427 and House Bill 4996 have been introduced to allow Michigan small distillers to have a limited number of off-site tasting rooms for sampling and sale only of their products. These are very limited privileges that would benefit Michigan distillers while not threatening other interests. The bills have not been moved to committee due to perceived opposition from other parties. Michigan needs to do everything it can to support small Michigan businesses that are willing to invest or to create jobs in Michigan. We need to support those small distillers who have invested hundreds of thousands of dollars and provide them with some hope of future success. The distilling industry is asking the Michigan Commission of Agriculture to support SB 427 and HB 4996 and in so doing, pass that to the department's Legislative Liaison.

In response to inquiry from Commissioner Fike, Commissioner Coe advised the statement that the bills have not moved due to perceived opposition from other parties refers to the complexity of liquor distribution in Michigan and the fact that other interested parties (retailers, wholesalers, etc.) are looking for something in return for their support of the small distillers. Unfortunately, their small number precludes the small distiller industry from being able to offer anything to those other interested parties.

MOTION: COMMISSIONER FIKE MOVED THE COMMISSION SUPPORT THE SMALL DISTILLERS LEGISLATION, SENATE BILL 427 AND HOUSE BILL 4996; AND FURTHER, THAT THEIR SUPPORT BE COMMUNICATED TO THE MICHIGAN DEPARTMENT OF AGRICULTURE'S LEGISLATIVE LIAISON. SECONDED BY COMMISSIONER HERIOUX. COMMISSIONER COE RECUSED HIMSELF DUE TO CONFLICT OF INTEREST. MOTION CARRIED.

COMMISSIONER ISSUES

Commissioner Regis reviewed two retirement resolutions before the Commission recognizing Jonathan Henker and Barry T. Menser.

MOTION: COMMISSIONER HERIOUX MOVED THE RESOLUTIONS FOR JONATHAN HENKER AND BARRY T. MENSER BE ADOPTED WITH BEST WISHES FOR THEIR LONG AND HEALTHY RETIREMENT. COMMISSIONER FIKE SECONDED. MOTION CARRIED.

Commissioner Regis requested (if technically possible) the Michigan Farm Bureau produced video, "This is MDA – for 2¢ a day...." which showcases all of the ways the Michigan Department of Agriculture impacts the everyday lives of Michigan's citizens, be shown during the Joint Commission meeting on August 12. Ms. Ayers will investigate that potential.

Commissioner Green expressed concern regarding the way the State of Michigan is conducting the sale of their Holstein cattle herd at the Marquette Branch Prison. The sale of this pure bred herd could result in considerable loss due to the sale being held as a private auction, as opposed to being facilitated through an auction yard or professional dairy auction company. Further, the resulting security issues pose undue inefficiencies that could have been avoided. The sale is scheduled for Saturday, July 24, which precludes them from doing anything else at this point; however, he asked why MDA was not consulted prior to making these arrangements. The Director confirmed the department was not contacted until ten days ago, which precipitated coordination of the required animal movement permits, etc., needed to facilitate the sale. At request of the Commission, the Director will send a letter to the Department of Technology, Management, and Budget expressing the Commission's concerns.

PUBLIC COMMENT

E.J. Brown, Michigan Association of Fairs and Exhibitions (MAFE), noted they are in the middle of their local and county fairs season, with 86 fairs scheduled for this year. Now being an event reorganized as a 501c3 not-for-profit organization, the UP State Fair next month is using a tag line for 2010, "Michigan's Only State Fair."

With a select number of Michigan fairs this year, MAFE is establishing a program in cooperation with the Food Bank Council of Michigan to help educate the public about the Food Bank Program, as well as informing the agriculture industry on how they can contribute to the Food Bank Council of Michigan. Funded through a grant received from USDA, the pilot will provide a basis for potentially increasing the program across the state in the future.

On Friday this week, he will be at the Ionia Free Fair when Representative Mike Huckleberry will be holding a House Agriculture Committee hearing. Mr. Brown was requested to testify at the hearing, along with representatives from the potato, corn, and soybean industries.

He encouraged everyone to support the county fairs this year.

Commissioner Regis noted this Commission was requested to consider the potential of conducting their meeting in conjunction with the Ionia Free Fair; however, due to the Ag Expo activities, they needed to decline. This may be a consideration for the future.

Commissioner Coe reported a request has been made through MAFE that the county fairground facilities be made available for horse owners to attend clinics for shots and other veterinarian procedures for their animals at reduced costs. MSU students would volunteer to perform those services under veterinary supervision. Potential liability issues will need to be addressed prior to moving forward. He expressed appreciation for the Association's support as those possibilities are investigated.

ADJOURN

**MOTION: COMMISSIONER HERIOUX MOVED TO ADJOURN THE MEETING.
COMMISSIONER FIKE SECONDED. MOTION CARRIED.**

The meeting was adjourned at 11:11 a.m.

Attachments:

- A) *Agenda*
- B) *Agriculture Commission Meeting Minutes June 16, 2010*
- C) *Gene Thompson Scholarship History and Report of 2010 Awards*
- D) *Legislative Status – July 2010*
- E) *MDA's Role in Cottage Food Implementation*
- F) *Draft Proposed Commission Action Relative to Feral Swine*
- G) *Feral Swine Background Information:*
 - *Resolution to Prevent the Establishment of Feral Swine in Michigan, April 12, 2007*
 - *June 9, 2008, Michigan Commission of Agriculture Meeting Minutes*
 - *"Wanted Dead – Shoot to Kill Wild Hogs" Poster*
 - *Michigan Pork Producers Association Resolution on Control of Feral Swine, Dec. 14, 2006*
 - *Swine Health Committee Resolution on Control of Feral Swine, February 4, 2009*
- H) *NPDES Permit for Pesticide Applications PowerPoint Presentation*
- I) *NASDA Draft Comment Outline: Pesticides General Permit*
- J) *Export Inspection Update PowerPoint Presentation*
- K) *Michigan Small Distillers Report*
- L) *Resolution for Jonathan Henker*
- M) *Resolution for Barry T. Menser*
- N) *2010 Michigan Fairs & Events Brochure*