

**SENATE FISCAL AGENCY  
 MEMORANDUM**

**DATE:** April 21, 2004  
**TO:** Members of the Michigan Senate  
**FROM:** Craig Thiel, Fiscal Analyst  
**RE:** Executive Order 2004-3

On April 15, 2004, Governor Granholm issued Executive Order (EO) 2004-3 which, through a Type II transfer, transfers various duties, roles, responsibilities, and functions related to the Privately Owned Cervidae<sup>1</sup> Producers Marketing Act (2000 PA190), between the Michigan Department of Agriculture (MDA) and the Michigan Department of Natural Resources (MDNR). The provisions of this order will take effect 60 days after issuance of the order, which is June 14, 2004, unless rejected by a majority of the members elected and serving in each house of the Legislature by that date.

Article V, Section 2 of the Michigan Constitution authorizes the Governor to make changes in the organization of the Executive branch which the Governor considers necessary for efficient administration. The Executive Reorganization Act of 1965 (1965 PA 380) provides for four types of transfers of duties, roles, responsibilities, and functions between Executive branch entities. Executive Order 2004-3 employs a Type II transfer to convey various duties, roles, responsibilities, and functions between the MDA and the MDNR. Under a Type II transfer, an existing department, board, commission, or agency and all of its statutory authority, powers, rule-making authority, duties, functions, records, personnel, property, unspent balances of appropriations, allocations, or other funds, including budgeting and procurement functions, are transferred to a principal department.

Under the Privately Owned Cervidae Producers Marketing Act, the MDA is the lead agency with respect to licensing, application, registration, and inspection of privately-owned cervidae livestock operations, while the MDNR plays a consulting role with respect to certain MDA responsibilities under the Act. Executive Order 2004-3 effectively switches the current duties, roles, responsibilities, and functions of the two agencies, such that MDNR would be the lead agency and MDA would serve in a consulting role. As such, EO 2004-3 transfers duties, roles, responsibilities, and functions between MDA and MDNR.

**Background**

The Governor issued EO 2004-3 in response to the potential threat that Chronic Wasting Disease<sup>2</sup> could have on Michigan's wildlife population. The proposed executive order transfer

<sup>1</sup> "Cervidae" refers to any members of the cervidae family including, but not limited to, deer, elk, moose, reindeer, and caribou.

<sup>2</sup> Chronic Wasting Disease (CWD) is a fatal neurodegenerative disease that affects cervids (deer and elk). The disease is closely related, but different, than other Transmissible Spongiform Encephalopathies found in other species (e.g., Scrapie in sheep, Bovine Spongiform Encephalopathy or "mad cow disease" in cattle, and Creutzfeldt-Jakob disease in humans). To date, there is no evidence that CWD poses a risk to humans or that the disease can be transmitted to humans. Similarly, there is no evidence that the disease can be transmitted to livestock, other than deer and elk (Michigan Chronic Wasting Disease Task Force Final Report, 10/15/03).

mirrors a recommendation contained in the Michigan Chronic Wasting Disease Task Force Final Report (Recommendation #4), dated October 15, 2003. To date, CWD has not been detected in either the wildlife population or in a privately owned cervidae livestock operation in Michigan.

Prior to the passage of the Privately Owned Cervidae Producers Marketing Act, the MDNR regulated the possession of wildlife by private individuals. The Act placed responsibility for licensing, registering, and inspecting privately-owned cervidae livestock operations with the Michigan Department of Agriculture. The Act established a registration fee structure for all cervidae facilities; however, for those facilities previously licensed by the MDNR, they had until their current license expired or January 1, 2003, whichever was earlier, to register with the MDA. Effective January 2, 2003, all privately-owned cervidae livestock operations in Michigan were required to be registered with the MDA. The Act provides privately-owned cervidae facility registrations in the following categories and fees (original and renewal); hobby (\$45), exhibition (\$75), ranch (\$500), and full registration (\$150). As of April 15, 2004, the MDA reported 166 hobby, 32 exhibition, 139 ranch, and 394 full registrations, for a total of 731 registered facilities. Registrations issued by the MDA are valid for a three-year period.

The Michigan Department of Agriculture spent \$45,000 in fiscal year (FY) 2001-02, \$65,000 in FY 2002-03, and \$27,000 in FY 2003-04 (year-to-date) administering the provisions of the Act. The program is funded entirely from the registration fee revenue collected by the MDA and not by any General Fund/General Purpose resources. Revenue collections from the registration fees totaled \$38,200 in FY 2000-01, \$48,400 in FY 2001-02, and \$50,800 in FY 2002-03. It is anticipated that only this restricted revenue, and the associated appropriation authorization, will be transferred to the MDNR under EO 2004-3.

### **Implementation**

The Executive Order directs the MDA to share information with the MDNR necessary for the MDNR to conduct an audit of the privately-owned cervidae livestock facilities and operations. This requirement mirrors another recommendation of the Michigan Chronic Wasting Disease Task Force Final Report (Recommendation #3). This audit is estimated to cost approximately \$800,000.

\psh

c: Gary Olson  
Ellen Jeffries  
Bill Bowerman