

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6577-01
Bill No.: HB 2573
Subject: Department of Agriculture; Agriculture
Type: Original
Date: March 5, 2018

Bill Summary: This proposal modifies provisions relating to pesticide registration fees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Agriculture Protection Fund	Could exceed \$3,500,000	Could exceed \$3,500,000	Could exceed \$3,500,000
Pesticide Education Fund	Up to \$400,000	Up to \$400,000	Up to \$400,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$3,900,000	\$3,900,000	\$3,900,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture (AGR)** assume this proposal will update the pesticide product registration fee from \$150 to \$450 annually per product (approximately 13,000 products currently registered), resulting in an annual increase of approximately \$3,900,000 (pesticide registration fees for FY 2017 equaled \$2,068,800). The fees will continue to fund pest and pesticide related programs in the department.

Up to seven percent (7%) of the pesticide product registration fees (approximately \$400,000) will be used to improve pesticide applicator training.

AGR will also use the additional funds to meet changing demands on the pest and pesticide programs, including expensive, unforeseen changes in regulatory and investigation expenses caused by new technology.

Absent increased revenue, the Plant Industries' Division Agriculture Protection Fund balance is expected to decrease nearly 50% in FY 2018 and may be insolvent by FY 2020.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this proposal would increase annual pesticide product registration fees and create a new state fund into which a portion of those fees could be deposited. This fee increase will increase total state revenues and impact 18e calculations. B&P defers to AGR for an estimated impact on revenues.

Officials from the **Office of the State Treasurer (STO)** assume this proposal will have no fiscal impact on their organization. STO states this proposal will create the “Pesticide Education Fund”, which will not be subject to the biennial transfer and will have interest credited back to it.

Oversight notes the Agriculture Protection Fund (0970) had a balance of \$3,428,156 as of June 30, 2017.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
AGRICULTURE PROTECTION FUND			
<u>Revenue</u> - AGR - increase of registration fee from \$150 to \$450	\$3,900,000	\$3,900,000	\$3,900,000
<u>Transfer Out</u> - AGR - up to 7% of registration fee per product	(Up to \$400,000)	(Up to \$400,000)	(Up to \$400,000)
ESTIMATED NET EFFECT ON THE AGRICULTURE PROTECTION FUND	Could exceed <u>\$3,500,000</u>	Could exceed <u>\$3,500,000</u>	Could exceed <u>\$3,500,000</u>
PESTICIDE EDUCATION FUND			
<u>Transfer In</u> - AGR - up to 7% of registration fee per product	<u>Up to \$400,000</u>	<u>Up to \$400,000</u>	<u>Up to \$400,000</u>
ESTIMATED NET EFFECT ON THE PESTICIDE EDUCATION FUND	<u>Up to \$400,000</u>	<u>Up to \$400,000</u>	<u>Up to \$400,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could affect small farm operations who register pesticide products, due to the increase in the registration fee.

FISCAL DESCRIPTION

Currently, every pesticide which is distributed or sold in Missouri must be registered with the Department of Agriculture and pay an annual fee of \$150 per product registered.

FISCAL DESCRIPTION (continued)


This bill would increase the annual fee per product to \$450 and would allow the department director to deposit up to 7% of the fee into the Pesticide Education Fund to be used for pesticide applicator certification programs, pesticide education programs, and pesticide waste and container disposal programs.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture
Office of Administration - Budget and Planning
Office of the State Treasurer

Ross Strope



Acting Director
March 5, 2018