

**State of Minnesota Page 19 2010-11 Biennial Budget
Governor's Recommendation 1/27/2009**

1. ACCRA Changes:

Fiscal Impact (\$000s) FY 2010 FY 2011 FY 2012 FY 2013

Agricultural Fund

Expenditures \$271 \$271 \$271 \$271

Revenues 0 0 0 0

Net Fiscal Impact \$271 \$271 \$271 \$271

Recommendation

The Governor recommends authorizing the Minnesota Department of Agriculture (MDA) to use dedicated Agriculture Chemical Response and Reimbursement Account (ACRRA) funds to pay salary and fringe for direct ACRRA-related MDA Incident Response activities. Projected expenditures from the ACRRA account would be \$271,000 annually.

Background

This initiative would allow the commissioner to utilize ACRRA funds for staff costs. Staff resources are limited at this time due to funding constraints and are the single most important factor in limiting progress on agricultural chemical contamination sites. There is a growing backlog of known contaminated sites that cannot be addressed due to these staff limitations. Currently, Agricultural Chemical Response & Reimbursement Account (ACRRA) funds are authorized for reimbursement or payment of actual clean up costs (e.g. costs for contractors investigating or conducting spill or site clean ups). MDA has dedicated program and staff providing spill and site response oversight. This program has remediated hundreds of contaminated sites in urban and rural areas across Minnesota since its inception in 1989. This policy change would authorize MDA to use ACRRA funds to pay salary and fringe for ACRRA-related MDA Incident Response Program activities. Projected expenditures from ACCRA account would total \$271,000 annually.

Relationship to Base Budget

Currently, incident response staff expenses are paid primarily from the Pesticide Regulatory Account (56% for \$485,000) which is under financial stress. Staff costs also are partially funded from the Minnesota Environmental Response and Liability Act (MERLA) Account (36% for \$310,000) for "superfund" sites, and the Fertilizer Regulatory Account (7% for \$62,000). Revenues to and expenditures from the ACRRA account are currently approximately \$1.9 million each year. The ACRRA account currently has a \$4.5 million balance. The commissioner is statutorily required to maintain the balance between one and five million dollars.

Key Goals and Measures

This change would allow MDA to address the backlog of known contaminated sites, relieve pressure on the Pesticide Regulatory Account and provide more transparency and accuracy on the total actual costs of ACRRA related/eligible site remediation work.

Alternatives Considered

Increase fees of Pesticide and/or Fertilizer Regulatory Account to pay for staff.

2. Pesticide Dealer License – Out of State

Fiscal Impact (\$000s) FY 2010 FY 2011 FY 2012 FY 2013

Agricultural Fund

Expenditures \$21 \$21 \$21 \$21

Revenues (21) (21) (21) (21)

Net Fiscal Impact \$0 \$0 \$0 \$0

Recommendation

The Governor recommends requiring licensing for persons distributing agricultural pesticides in Minnesota and into Minnesota. “Agricultural pesticide” means a pesticide with United State Environmental Protection Agency (EPA) Worker Protection Standard requirements on the label. This new license requirement would allow Minnesota Department of Agriculture (MDA) to identify persons distributing agricultural pesticides in and into Minnesota, and would require those persons' to keep records and report sales of agricultural pesticides in and into Minnesota. If a person already is licensed as Minnesota Pesticide Dealer, no additional licensing would be required.

Background

Minnesota agricultural pesticide dealers justifiably complain about competitive market disadvantage of products sold into Minnesota by out-of-state persons, without fair and full payment of MDA registration fees and Agriculture Chemical Response and Reimbursement Account (ACRRA) surcharges (M.S. 18B and 18E). MDA believes required fees/surcharges are not being paid, as statute currently does not require such persons to be licensed, nor does statute currently require such persons to keep and produce sales records. A pesticide dealer fee is \$150 with a \$75 surcharge for the spill response program ACRRA. While the new initiative would require additional resources in the short-term, the MDA predicts improved reporting of pesticide sales in Minnesota and into Minnesota and corresponding fee collection would offset those costs and potentially lead to additional revenues for pesticide related work activities. Most importantly, the change would create a more level marketplace for persons already in compliance with payment of the required fees and surcharges. Similar pesticide regulatory fee revenue system and problems existed in state of Michigan, which recently passed similar licensing requirements for sale of agricultural pesticides as remedy.

Relationship to Base Budget

The Pesticide Regulatory Account currently has revenues and expenses of over \$5.5 million per year. The amount this initiative would add to the account is estimated to be small, but the level of change is uncertain because the amount of sales of pesticides into Minnesota by out of state distributors is unknown.

Key Goals and Measures

MDA will identify and license persons distributing agricultural pesticides in Minnesota and into Minnesota, in addition to those already identified and licensed to distribute Restricted Use Pesticides. MDA will increase its accuracy of total pesticide sales data for pesticides sold in Minnesota and into Minnesota.

Statutory Change: M.S. 18B.31

Pesticide Program Funding **Fiscal Impact (\$000s) FY 2010 FY 2011 FY 2012 FY 2013**

Agricultural Fund

Expenditures \$2,170 \$2,170 \$2,170 \$2,170

Revenues (2,770) (2,770) (2,770) (2,770)

Net Fiscal Impact \$(600) \$(600) \$(600) \$(600)

Recommendation

The Governor recommends increasing the base pesticide registration fee from 4/10ths of 1% (.004) to 6/10ths of 1% (.006) and increasing the minimum product registration fee for non-agricultural pesticides by \$100 from \$250 to \$350. These fees have not been increased since 1991. The Governor also recommends creating a dedicated Non-Agricultural Waste Pesticide Account (NAWPA) funded by a product registration surcharge imposed on all non-agricultural pesticides. This surcharge is an additional 6/10ths of 1% (.006).

Background

Base Fees

The Minnesota Department of Agriculture (MDA) is the lead agency for environmental and regulatory activities related to pesticides, and conducts a wide variety of pesticide-related programs. Legislative and public concerns and demands for services related to pesticides have significantly increased. A 2006 program audit by the Office of the Legislative Auditor (OLA) recommended increasing program activities to address public concerns. In addition, costs for many activities have increased. The increased funding will be used to maintain current program activity in environmental, regulatory and laboratory services functions, and will increase staff resources and activities in areas such as: Registration; Investigation, incident response, and emergency management; Water Monitoring; Data management; Non-point source issues, including potential impairments; Implementing Office of Legislative Auditor (OLA) recommendations; Maintenance of lab capacity; Providing accurate technical input on pesticides in response to new programs and proposed rules and regulations from other state agencies.

Non-Agricultural Waste Pesticides Account (NAWPA)

Legislation passed in the 2008 session provides for reimbursement of costs for the collection of waste pesticides by county Household Hazardous Waste (HHW) collection programs. However, the funding mechanism to pay for these costs was not addressed. This initiative is intended to fund that program by creating a dedicated surcharge and account for non-agricultural pesticides. The fee structure for this program is designed so that the costs for collection and disposal are supported by the waste pesticide products that are most likely to be collected in residential collections by HHW programs. The funding mechanism is similar to the successful Agricultural Chemical Response and Reimbursement Account (ACRRA) program. A produced registration surcharge will be imposed for all non-agricultural pesticides, and may be adjusted as required to pay the costs of the program. The initial surcharge will be 6/10ths of 1% (.006) of product sales. Any pesticide that does not have agricultural worker protection requirements on the product label (the Ag Use Box) will be considered a non-agricultural pesticide and subject to the NAWPA surcharge.

Relationship to Base Budget

The increase in the base pesticide registration fee by 2/10ths of 1% should generate approximately \$1 million and the increase in the nonagricultural product registration fee from \$250 to \$350 should generate approximately \$900,000 for a total of \$1.9 million. Current pesticide registration revenue from all sources, including licenses, is

approximately \$5.7 million. The estimated increase in costs for waste pesticide collection and disposal based on requirements from the 2008 legislative session is \$800,000. Current program costs are \$400,000 for a total of approximately \$1.2 million per year. The proposed initial surcharge will generate approximately \$870,000. There are currently no fees or revenues generated specifically for this program.

Key Goals and Measures

Pesticide programs funded from these fees address a wide variety of issues related to pesticide use, misuse, storage, handling, environmental impacts and cleanup of spills. Many of these activities are tracked, such as: number of licenses issued; timing for issuing licenses; misuse cases investigated; sites cleaned up; and number of monitoring sites and water samples collected. The waste pesticide program measures performance by the number of pounds of waste pesticides collected and disposed.

Statutory Change: M.S. 18B

HF 250 Public Health Rep Knuth -

Relates to public health; protects the health of children from toxic chemicals in products; requires disclosure by manufacturers of children's products that contain chemicals of high concern; authorizes the Pollution Control Agency to designate priority chemicals of high concern and require replacement with safer alternatives; provides an exemption process; authorizes participation in an interstate clearinghouse.

SF 225 Sen Linda Scheid

Keeping children from chemicals Published (2/3/2009)

Protecting children from potentially toxic chemicals in products they use is the intent of a bill ([HF250](#)) sponsored by [Rep. Kate Knuth](#) (DFL-New Brighton).

The Toxic Free Kids Act would not place an outright ban on the use of chemicals designated as “high concern” in children’s products, but would authorize the Pollution Control Agency to publish a list of these chemicals, if found, and require replacement with a safer alternative, if one is available.

The “massive scope” of regulation included in the bill came into question when the bill was heard in the House Health Care and Human Services Policy and Oversight Committee.

“Who is going to be doing the monitoring?” asked [Rep. Steve Gottwalt](#) (R-St. Cloud).

Knuth stressed the bill asks for no new assessments of chemicals, but only study and evaluation of existing data of about five chemicals.

The bill was laid over and is expected to be brought up during the committee’s Wednesday meeting. If approved, it would move on to the House Environment Policy and Oversight Committee, the second of several expected committee stops, Knuth said. The environment committee held an informational hearing on the bill Tuesday. ([Watch the meeting.](#))

A companion, [SF225](#), sponsored by [Sen. Linda Scheid](#) (DFL-Brooklyn Park), is scheduled to be heard Wednesday by the Senate Health, Housing and Family Security Committee.