

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 180

(Chair, Education, Health, and Environmental Affairs
Committee)(By Request - Departmental - Agriculture)

Education, Health, and Environmental Affairs

Environmental Matters

Department of Agriculture - State Chemist Fund

This departmental bill consolidates four different special funds, which support programs administered by the State Chemist, into a single State Chemist Fund to be used only to defray partially the cost of administering the programs. The bill allows for up to \$375,000 of unexpended or unencumbered money in the fund at the end of a fiscal year to be carried over for use the following fiscal year (representing the combined total of the current carryover allowances for the four different funds). The bill also redirects certain administrative penalty revenue under those programs from the general fund to the State Chemist Fund.

The bill takes effect July 1, 2013, and any unexpended or unencumbered money in the four separate funds must be transferred to the State Chemist Fund by August 1, 2013.

Fiscal Summary

State Effect: The bill does not materially affect State finances. Any penalty revenue redirected from the general fund to the State Chemist Fund is expected to be minimal.

Local Effect: None.

Small Business Effect: The Maryland Department of Agriculture (MDA) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Current Law/Background:

State Chemist

The State Chemist Section within MDA (1) regulates the sale and distribution of pesticides, animal feeds, pet foods, fertilizers, compost, soil conditioners, and agricultural liming materials in order to enhance and promote agricultural production; (2) protects consumers, animals, and the environment from unsafe products; and (3) ensures the sale of effective products and provides the regulated industry with a competitive marketplace. The section also provides analysis and testing support to MDA's Pesticide Regulation Section and Organic Commodity Certification Program as well as MDA and other State agency environmental projects and programs. The section also works with federal agencies on feed and food safety efforts.

Existing Special Funds

There are four separate funds established under the Maryland Pesticide Registration and Labeling Law, the Maryland Commercial Feed Law, the Maryland Commercial Fertilizer Law, and provisions governing the sale of agricultural liming materials and gypsum. Each fund consists primarily of fees collected under the respective law or set of provisions and is to be used only to defray partially the costs of administering that respective program. For the fund under the Maryland Pesticide Registration and Labeling Law, up to \$75,000 in unexpended funds at the end of a fiscal year may be carried over for use the following fiscal year. For each of the other funds affected by the bill, up to \$100,000 may be carried over.

According to MDA, all of the State Chemist Section personnel perform multiple overlapping tasks and the equipment and other resources purchased through the funds are cross-utilized. The consolidation of the four different funds into a single fund codifies current practice.

The 2012 DLS analysis of MDA's proposed fiscal 2013 budget raised concern about MDA's current practice of administering the four separate funds – which have distinct revenue sources, distinct statutory caps on carryover from year to year, and distinct authorized uses – as one fund. DLS suggested a potential remedy of amending the statute to consolidate the four funds into one fund.

The special fund fee revenue generated under the provisions affected by the bill totaled \$2.5 million in fiscal 2012. This revenue represents almost the entirety of the State Chemist Section's funding. The section's fiscal 2012 expenditures totaled \$2.6 million.

The Governor's proposed fiscal 2014 budget includes \$2.7 million in funding for the State Chemist Section, which includes about \$2.4 million in special funds, \$273,200 in federal funds, and \$20,000 in reimbursable funds.

Penalty Provisions

Administrative penalties of up to \$2,000 may be imposed for violations of the Maryland Pesticide Registration and Labeling Law, the Maryland Commercial Feed Law, the Maryland Commercial Fertilizer Law, or provisions governing the sale of agricultural liming materials or gypsum. The penalties are paid into the general fund. The bill redirects these penalties to the newly created State Chemist Fund. MDA indicates that any such penalties in past years have been minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture, Department of Budget and Management, Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2013
mc/lgc

Analysis by: Scott D. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Department of Agriculture – State Chemist Fund

BILL NUMBER: SB 180

PREPARED BY: Maryland Department of Agriculture

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.