

**Department of Legislative Services**

Maryland General Assembly

2001 Session

**FISCAL NOTE**

House Bill 1303

(Delegate Stocksdales)

Environmental Matters

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**University System of Maryland - Soil Testing - Fees and Procedures**

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This bill prohibits a soil testing laboratory in the University System of Maryland (USM) from charging a fee for testing an agricultural field soil sample submitted by a State resident that is necessary to develop or update a nutrient management plan in accordance with the Water Quality Improvement Act (WQIA) of 1998. A USM soil testing laboratory must report the test results of an agricultural field soil sample within 60 days of the receipt of the sample. It is the intent of the General Assembly that beginning in fiscal 2003, the Governor include funds in the USM budget equivalent to the amount of fee revenues not received by USM as a result of the bill.

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**Fiscal Summary**

**State Effect:** Significant decrease in special fund revenues beginning in FY 2002 related to the bill's prohibition. *Under one set of assumptions*, special fund revenues could decrease by \$149,200 in FY 2002 and by \$258,600 annually thereafter. General fund expenditures would increase by a corresponding amount beginning in FY 2003.

**Local Effect:** None.

**Small Business Effect:** Minimal. Most agricultural operations are small businesses. Currently, USM assesses a fee of \$6 per soil sample for testing. Under this bill, farmers could submit soil samples necessary to develop or update nutrient management plans for testing free of charge.

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## Analysis

**Current Law:** USM is not currently required to provide soil testing to farmers free of charge.

**Background:** Before 1988, USM provided soil testing to farmers free of charge. From 1982 through 1986, USM charged a fee of \$4 per soil sample. From 1987 through 1991, USM charged a fee of \$5 per soil sample. The current fee is \$6 per sample. Soil tests are conducted to test for nutrient content. As nutrient management plans are developed and implemented pursuant to the WQIA, the need to test soils is anticipated to increase significantly.

**State Fiscal Effect:** In 2000 USM tested approximately 25,500 agricultural soil samples at a fee of \$6 each. This represents an 8% increase in the number of tests submitted in 1999. Under this bill, USM would no longer be able to assess a fee for soil tests necessary to develop or update a nutrient management plan in accordance with current law. USM reports that although the fee charged for each sample is \$6, the average cost to test each sample is approximately \$20. USM advises that if soil tests are provided for free, the number of samples submitted will likely increase, resulting in a significant increase in costs for USM. However, Legislative Services advises that because the bill only prohibits USM from charging a fee for soil tests *necessary* to develop or update a nutrient management plan in accordance with current law, the number of additional tests, if any, is assumed to be minimal.

Because many farmers have not yet developed nutrient management plans under the WQIA, a significant increase in the number of samples submitted for testing is anticipated in fiscal 2002 and fiscal 2003. According to the Maryland Department of Agriculture, the number of samples could triple over the next few years, although presumably some portion of the tests would be performed by private labs. Accordingly, Legislative Services advises that the actual number of soil samples necessary to develop or update nutrient management plans that will be submitted to USM for testing is unknown. In any event, special fund revenues would decrease by \$6 for each eligible sample submitted. Legislative Services advises that the increase in samples submitted could range from 10% to over 50% annually through fiscal 2003, at which time the number of samples submitted is anticipated to level off. *For illustrative purposes only*, assuming a 30% increase in the number of samples submitted in fiscal 2002, special fund revenues would decrease by \$149,200 in fiscal 2002. This estimate reflects the bill's October 1, 2001 effective date. Assuming the number of samples submitted increases by 30% in fiscal 2003 and remains at that level, special fund revenues would decrease by an estimated \$258,600 annually thereafter.

The bill provides that it is the intent of the General Assembly that beginning in fiscal 2003, the Governor include funds in the USM budget to offset the loss of revenue associated with the bill. Accordingly, general fund expenditures will increase by a corresponding amount beginning in fiscal 2003.

It is assumed that USM could handle the bill's reporting requirements with existing budgeted resources.

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### **Additional Information**

**Prior Introductions:** Similar legislation was introduced during the 2000 session as SB 416/HB 952. SB 416 passed the Senate, and the House Appropriations Committee held a hearing on the bill. HB 952 passed the House with amendments and was referred to the Senate Rules Committee. No further action was taken.

**Cross File:** None.

**Information Source(s):** University System of Maryland, Maryland Department of Agriculture, Department of Legislative Services

**Fiscal Note History:** First Reader – March 12, 2001  
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