

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 175 (Delegate Morhaim)
Environmental Matters

Nongerminating Genetically Engineered Seed - Prohibition

This bill prohibits the sale, distribution, or use of a nongerminating genetically engineered seed rendered incapable of naturally producing second generation seed by “terminator gene technology.” Terminator gene technology is defined as a process that renders a seed incapable of naturally producing second generation seed through the introduction of foreign genetic material into the genetic sequence of the parent gene; or a process that requires the application of an external chemical inducer on a seed in order for the seed to germinate. The bill allows the Secretary of Agriculture to impose a civil penalty for each seed lot in violation of the prohibition as follows: (1) for a first violation, not more than \$1,000; or (2) for a second or subsequent violation, not more than \$10,000.

Fiscal Summary

State Effect: No effect until seeds containing the technology are available. Once available, enforcement of the bill’s prohibition could be handled with existing resources. The civil penalty provisions of the bill are not expected to significantly affect State finances or operations.

Local Effect: No effect until seeds containing the technology are available. Once available, the civil penalty provisions of the bill are not expected to significantly affect local finances or operations.

Small Business Effect: Potential meaningful impact once seeds containing terminator gene technology are available.

Analysis

Current Law: No such prohibition exists in statute. The Secretary of Agriculture is authorized to impose civil penalties for violations of other provisions regulating the sale and transportation of seed as follows: (1) for a first violation, not more than \$100; (2) for a second violation, not more than \$250; or (3) for a third or subsequent violation, not more than \$500. Penalties collected by the Secretary are paid into the general fund.

Background: Terminator gene technology is used to genetically modify crop plants so that they produce sterile seeds. This requires farmers to purchase new seeds for planting every year. Seed companies argue that the technology will stimulate investment into seed research and will eventually result in the supply of more productive varieties of seeds that could enhance sustainability and profitability. Farming systems that rely on traditional seeds could still save their seed pursuant to current law. However, the Consultive Group on International Agricultural Research, which governs several international agricultural research centers, recommended that its members ban the technology because it believes the technology could have negative impacts on global food security, genetic diversity, biosafety, sustainable agriculture, and plant breeding.

State Fiscal Effect: Seeds containing terminator gene technology are not currently on the market. The Maryland Department of Agriculture (MDA) advises that while research relating to this technology is continuing, currently there are no plans to commercialize it. If plans to commercialize the technology are made, it would take approximately three years before seed containing the technology would become available on the market. Accordingly, until these seeds are on the market, the bill will have no effect on State operations or finances. Because it is difficult to predict the number of future violations of the bill's prohibition that will occur and the extent to which MDA will impose any penalties, a precise estimate of any increase in general fund revenues cannot be made at this time. Any such increase, however, is assumed to be minimal. Assuming that seed containing terminator gene technology is labeled to that effect, MDA could enforce the bill's prohibition with existing budgeted resources.

Small Business Effect: Because seeds containing terminator gene technology will require farmers using them to purchase new seeds each year, the bill's prohibition will result in a decrease in seed expenditures for farmers that would, under current law, choose to purchase those seeds. The bill, however, would limit the choice of farmers by prohibiting the seeds from being sold, distributed, or used in Maryland. To the extent that the technology is widely adopted by the seed industry, the bill's prohibition could place Maryland farmers at a competitive disadvantage by not having access to those seeds. Maryland seed distributors, many of which are small businesses, could experience

a loss in revenues by being prohibited from selling the seeds within the State or exporting them to farmers in other states.

Additional Information

Prior Introductions: Virtually identical legislation was introduced during the 2000 session as HB 257. The bill received an unfavorable report by the House Environmental Matters Committee.

Cross File: None.

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

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