

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 55 (Delegate Montgomery)
Environmental Matters

Environment - State Government - Integrated Pest Management

This bill requires a State agency with pest management responsibilities to develop and implement an integrated pest management (IPM) plan approved by the Maryland Department of Agriculture on or before January 1, 2010. MDA must adopt specified regulations setting uniform standards and criteria for the IPM plans on or before January 1, 2009.

Fiscal Summary

State Effect: General fund expenditure increase of at least \$292,100 in FY 2009, representing MDA costs to establish an IPM program for State agencies and incorporate IPM practices in MDA's pest management efforts. Future year expenditures are annualized and reflect additional positions and related equipment in FY 2010, salary increases, ongoing operating expenses, and inflation. Potential significant expenditure increases for other State agencies to develop and implement IPM plans. No effect on revenues.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	292,100	436,500	400,900	421,000	442,300
SF Expenditure	-	-	-	-	-
Higher Ed Exp.	-	-	-	-	-
Net Effect	(\$292,100)	(\$436,500)	(\$400,900)	(\$421,000)	(\$442,300)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background: MDA regulates the sale, use, storage, and disposal of pesticides. The department licenses/permits businesses and public agencies engaged in pest control or that provide pest control services, as well as dealers of restricted use pesticides. The department also certifies consultants and private and public agency pesticide applicators in various categories of pest control and registers other licensee/permittee employees involved in pest control sales, service, or inspections. MDA also engages in pest management efforts including mosquito control and noxious weed control (both conducted in cooperation with local jurisdictions and other State agencies) and gypsy moth suppression (conducted with technical assistance from the U.S. Department of Agriculture).

County boards of education are currently required to have IPM systems approved by MDA for schools and school grounds. According to MDA, a successful IPM program is a multifaceted approach to pest management involving coordinated use of nonchemical and minimally toxic pest control techniques. The programs can significantly reduce the use of pesticides through the use of more permanent nonpesticidal control practices that are proactive in preventing pest problems.

State Fiscal Effect: General fund expenditures would increase by at least \$292,088 in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. This estimate reflects the cost of hiring three entomologists, an agronomist, and an office secretary for MDA to both implement the IPM program for State agencies and to incorporate the IPM practices in MDA's pest management efforts. It includes salaries, fringe benefits, equipment costs, contractual services costs, and ongoing operating expenses. Potential notification costs (mentioned below) for MDA's pest management efforts cannot be reliably estimated and are not included. The information and assumptions used in calculating the estimate are stated below:

- MDA's implementation of the program would involve the development of standards and criteria for IPM plans, conducting outreach and providing guidance and training to agencies and the pest control industry, compiling educational materials, reviewing IPM plans and pest control contracts, and developing criteria on the selection of least toxic pesticides;
- MDA would conduct compliance and enforcement inspections; and

- MDA's pest management programs for noxious weeds, exotic and invasive pests, gypsy moths, and mosquitoes would need to be augmented to fully incorporate the IPM plan elements specified in the bill.

Salaries and Fringe Benefits	\$201,415
Contractual Services	10,050
Equipment	75,785
Operating Expenses	<u>4,838</u>
Total FY 2009 MDA Expenditures	\$292,088

Future year expenditures reflect • full salaries with 4.4% annual increases and 3% employee turnover; • the cost of hiring two inspectors in fiscal 2010 and related equipment and expenses; and • 2% annual increases in ongoing operating expenses.

The effect of the bill's requirements on other State agencies cannot be reliably estimated, but could be significant overall. According to MDA, at least 118 State agency facilities or programs are permitted by MDA to use pesticides. It is expected that expenditures will increase for at least some agencies, yet to what extent depends largely on the standards and criteria developed by MDA. In addition, each agency will likely be impacted differently depending on the extent of their pest management responsibilities and the manner in which they currently conduct pest management activities.

State agencies contacted generally either anticipated minimal or no fiscal impact from the bill or anticipated a fiscal impact, but could not determine its extent prior to development of the standards and criteria by MDA.

MDA anticipates other agencies will incur expenses for tracking and recording pest infestations and treatments and evaluation of pest management strategies. MDA also advises that notification of "those who may be exposed" could be costly, especially for agencies involved in more widespread pest management on State lands, such as the Department of Natural Resources, the State Highway Administration, and MDA. MDA also indicated that agencies could require additional resources to generally coordinate implementation of an IPM plan and that the preventative focus of IPM could initially result in increased costs for agencies (e.g., the bill mentions structural maintenance as a preventative strategy).

For illustrative purposes, the University System of Maryland indicates that the University of Maryland, College Park could incur \$456,000 in additional higher education expenditures in fiscal 2010 (with the possibility of some expenditures being

incurred in the second half of fiscal 2009) if the university were required to develop and implement a separate IPM plan for each of the MDA permits the university holds. The estimate includes costs associated with four positions, improved software, and improved sanitation and structural maintenance, and, in the absence of specific standards and criteria, assumes a broad amount of IPM responsibilities. Legislative Services advises, however, that the potential impact on UMCP is not necessarily representative of the potential impact on other State entities, as a significant portion of the anticipated fiscal impact on UMCP is due to the pesticide management activities it is engaged in under the university's College of Agriculture programs.

Small Business Effect: The bill's requirement that State agencies develop and implement IPM plans could potentially affect small businesses to the extent small businesses provide pest control services to State agencies or bid on contracts in the future. While businesses could benefit from an increase in the demand for their services, any businesses that do not have the capability to perform services required under a given IPM plan could be at a disadvantage in bidding on State contracts.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of General Services, Maryland Department of Agriculture, Department of Budget and Management, Maryland Environmental Service, Department of Health and Mental Hygiene, Department of Natural Resources, Maryland Department of Transportation, Morgan State University, University System of Maryland, Department of Legislative Services

Fiscal Note History: First Reader - January 28, 2008
mll/jr

Analysis by: Scott D. Kennedy

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