

Virginia Department of Agriculture and Consumer Services

Pesticide Fee Regulatory Advisory Panel

Meeting Minutes for June 23, 2017

The meeting of the Pesticide Fee Regulatory Advisory Panel (RAP), established by the Board of Agriculture and Consumer Services, convened at approximately 9:00 AM on Friday, June 23, 2017. The meeting was held in Richmond at the Oliver Hill Building, located at 102 Governor Street.

Meeting Participants:

- Pesticide Fee Regulatory Advisory Panel Members:
 - Shelley Barlow
 - Laurie Coulter (representing Virginia Crop Production Association)
 - Jonathan Harding (representing Virginia Agribusiness Council)
 - Neil Houff
 - Kevin Kordek
 - Ray McAllister (representing CropLife America)
 - Shayne Palmateer (representing Virginia Farm Bureau Federation)
 - Riley Titus (representing Responsible Industry for Sound Environment)
 - Michael Weaver (representing Virginia Tech Cooperative Extension)

- Virginia Department of Agriculture and Consumer Services (VDACS) Staff:
 - Charles Green
 - Larry Nichols
 - Jeff Rogers
 - Kendra Shifflett
 - Liza Fleeson Trossbach

Welcome

The meeting began with introductions and welcome by Charles Green, VDACS Deputy Commissioner, and Larry Nichols, VDACS Director, Division of Consumer Protection.

Pesticide Control Fund Updates

VDACS staff opened the meeting with updates on:

- Virginia's regulatory process and the specific sections of 2 VAC 5-675, *Regulations Governing the Pesticide Fees Charged by the Department of Agriculture and Consumer Services*, to be considered by the RAP;
- Review of Pesticide Control Fund revenue and expense data:
 - Review of revenue and expenses for the past 10 years,

- Projected expenses for next five years,
- Fee assessments and projected annual impact for the next five years; and
- Current pesticide-related fees assessed in Virginia.

Virginia Cooperative Extension (VCE) staff provided a review of services provided by VCE for pesticide training, certification and manual/exam programs.

Discussion - Proposed Fee Increases

The meeting was then opened for discussion on recommended changes to fees assessed for pesticide product registration, pesticide business license fee, commercial applicator certification fee, registered technician certification fee and the potential for a fee assessed for the certification of private applicators.

RAP members discussed assessing a certification fee for private applicators; however, it was determined that this new fee would likely not be cost-effective, as VDACS would incur start-up costs associated with implementation of a new fee. Private applicators are primarily agricultural producers, and any increases in product registration fees may be passed on to them as the end-users of the registered pesticide products. Therefore, Virginia's agricultural producers are already paying for pesticide program services through product registration fees.

Historic budget data shows that expenses in VDACS' Office of Pesticide Services (OPS) have increased approximately five percent per year over the past five years, and VDACS staff used this data to project future expenses. Some RAP members expressed concern that a projected annual increase of five percent is too high, while other members voiced concern that five percent may not be high enough. Expense data presented also showed the increase over the past four years was approximately two percent per year. When calculating future expenses for OPS, the RAP agreed to estimate increases at three percent per year.

The cash balance at the end of each fiscal year (June 30) was targeted at \$1.5 - \$1.8 million in order to cover OPS's expenses during the time of year (July – October) when only minimal revenue is generated for the Pesticide Control Fund. Providing the revenue to quickly reach this level may also lead to an excessive cash balance after the \$1.5 - \$1.8 million target is met, and RAP members indicated their desire to prevent the excessive build-up of cash balances in the Pesticide Control Fund.

VDACS staff provided information regarding a recent pesticide fee survey to determine fees assessed by other states. The survey was completed by 36 states, based on the survey responses, the average fees are:

- Pesticide Product Registration Fee is \$212/year;
- Pesticide Business License Fee is \$100/year;
- Commercial Applicator Certification Fee is \$45/year; and
- Registered Technician Certification Fee is \$32/year.

As requested, specific data regarding fees assessed by mid-Atlantic states was also provided. However, it was noted by VDACS staff that there are various factors which can influence fees assessed by a state, such as state general fund appropriations, number of products registered in a state, size of state, size of state program, etc.

Recommendation for Proposed Fee Increases

The RAP members supported the proposed fees listed below for consideration by the Board of Agriculture and Consumer Services (Board) at the Board's meeting on July 26, 2017. (Ray McAllister and Jonathan Harding indicated that they needed to contact their stakeholders/members before supporting the proposed fee changes).

Fee	Current Fee	Proposed Fee
Pesticide Product Registration	\$160/year	\$225/year
Pesticide Business License	\$50/year	\$150/year
Commercial Applicator Certification	\$35/year (\$70/biennium)	\$50/year (\$100/biennium)
Registered Technician Certification	\$15/year (\$30/biennium)	25/year (\$50/biennium)

Support by the RAP for the proposed fee increases is contingent upon establishment of an advisory committee to assess pesticide-related fees. If new fees are approved, the advisory committee would be convened two years after the effective date of the new fees. The intent of the advisory committee would be to review year-end cash balances and determine if a reduction in fees is needed to prevent an excessive build-up of the cash balance in the Pesticide Control Fund.

Meeting Adjournment

The meeting was adjourned at approximately 1:00 PM.