

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 22, 2015

TO: Honorable Tracy O. King, Chair, House Committee on Agriculture & Livestock

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2548 by Stephenson (Relating to the disposal of agricultural pesticides.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2548, As Introduced: a negative impact of (\$1,723,260) through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$960,330)
2017	(\$762,930)
2018	(\$960,330)
2019	(\$762,930)
2020	(\$960,330)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from New Other - Pesticide Education and Disposal Fund	Probable (Cost) from New Other - Pesticide Education and Disposal Fund	Change in Number of State Employees from FY 2015
2016	(\$960,330)	\$2,843,330	(\$119,825)	1.0
2017	(\$762,930)	\$2,351,070	(\$93,830)	1.0
2018	(\$960,330)	\$2,843,330	(\$93,830)	1.0
2019	(\$762,930)	\$2,351,070	(\$93,830)	1.0
2020	(\$960,330)	\$2,843,330	(\$93,830)	1.0

Fiscal Analysis

The bill would amend the Agriculture Code, regarding pesticide and herbicide regulation. The bill would require the Department of Agriculture (TDA), in coordination with the Texas A&M AgriLife Extension Service, to develop and implement a program to educate the public on the proper use and disposal of pesticides and to organize pesticide waste and container collection activities statewide.

The bill would create the Pesticide Education and Disposal Fund in the state treasury outside of the General Revenue Fund. It would consist of 51 percent of pesticide registration fees collected under Section 76.044 and interest earned on money in the fund. The fund would be administered by TDA and could be appropriated only for the pesticide education program, and pesticide waste and container collection activities.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

TDA would need an additional inspector to implement bill provisions. There may be other implications to current services for regulation of pesticide use. The AgriLife Extension Service estimates there would be a minimal cost associated with implementing the provisions of the bill.

The bill would take effect September 1, 2015.

Methodology

Revenue Gains, Losses and Offsetting Gains: The Comptroller indicates fee revenue under 76.044 of the Agriculture Code alternates between approximately \$3 million and \$3.7 million because the fee is for a two year registration. The fiscal implication in Revenue Gain to the Pesticide Education and Disposal Fund would be 51 percent of those amounts, with an offsetting revenue loss to the General Revenue Fund (\$1,883,000 in fiscal year 2016 and \$1,557,000 in fiscal year 2017).

However, TDA indicates the redirection of 51 percent of the pesticide product registration fees from General Revenue to a new fund for an education and disposal program will result in the agency raising fees to cover funding a portion of its current duties for pesticide regulation. The agency indicates it would consider, at most, a 51 percent fee increase, which would translate to an approximate \$214 increase for each pesticide product registered (fees would increase from \$420 to \$634).

Accordingly, the fiscal implication in Revenue Loss to the General Revenue Fund reflects the original 51 percent of revenue redirected to the Pesticide Education and Disposal Fund (\$1,883,000 in fiscal year 2016 and \$1,557,000 in fiscal year 2017), offset by an increase from 49 percent of the new revenue related to the fee increase (\$922,670 in fiscal year 2016 and \$794,070 in fiscal year 2017) for a total revenue loss of \$960,330 in fiscal year 2016 and \$762,930 in fiscal year 2017. These latter amounts are shown as a revenue loss to the General Revenue Fund in the tables above.

The fiscal implication in Revenue Gain to the Pesticide Education and Disposal Fund reflects 51 percent of those amounts (\$1,883,000 in fiscal year 2016 and \$1,557,000 in fiscal year 2017) based upon the original BRE. The 51 percent increase in registration fees is anticipated to result in

an incremental increase over BRE amounts (\$960,330 in fiscal year 2016 and \$794,070 in fiscal year 2017) in revenue to the Pesticide Education and Disposal Fund. Together original and incremental amounts would total \$2,843,330 in fiscal year 2016 and \$2,351,070 in fiscal year 2017. Because TDA could retain only 51 percent of any new fee increases for current activities, this effect would be ongoing and not until a 100 percent fee increase would original funding levels for current functions be closer to being recovered.

Salaries and benefits for 1.0 new inspector at TDA would cost \$49,441 each fiscal year. Professional services would cost \$50,000 each fiscal year. Other expenses would be for travel, operating costs, and the payroll contribution. There would be one-time operating costs of \$9,590 in fiscal year 2016.

Finally, it should be noted redirecting 51 percent of registration fee revenue to the new activity (\$3,440,000 for the biennium) would likely result in a reduction to the historic amount of General Revenue appropriated in the Regulate Pesticide Use strategy, assuming TDA implements a 51 percent fee increase to offset a portion of the decrease. Any related effect to staffing levels are not reflected in the table above.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 551 Department of Agriculture, 555 Texas A&M AgriLife Extension Service

LBB Staff: UP, SZ, MW, TB