



REVEX ISSUE # 8

FERTILIZER AND SOIL OR PLANT ADDITIVE (SPA) PERMITS

AGENDA

- RevEx overview
- Issue # 8 – Fertilizer and SPA product permit lifespan
- Current requirements and data
- How other states manage product permits
- Concepts for future permit lifespan
- Direction to DATCP

TODAY'S GOALS AND OBJECTIVES

- Understand RevEx project
- Develop common understanding of the issues with the existing fertilizer and SPA permit lifespan
- Discuss concepts for future permit lifespan with industry
- Receive direction on how to proceed

REVEX OVERVIEW

- Review of all ACM Bureau revenues and expenditures
- Ensure fees are equitable, collected efficiently, & spent effectively
- 8 major issues
- Issue # 8 - Fertilizer and SPA permits
- Process and timeline



FERTILIZER AND SPA PERMITS



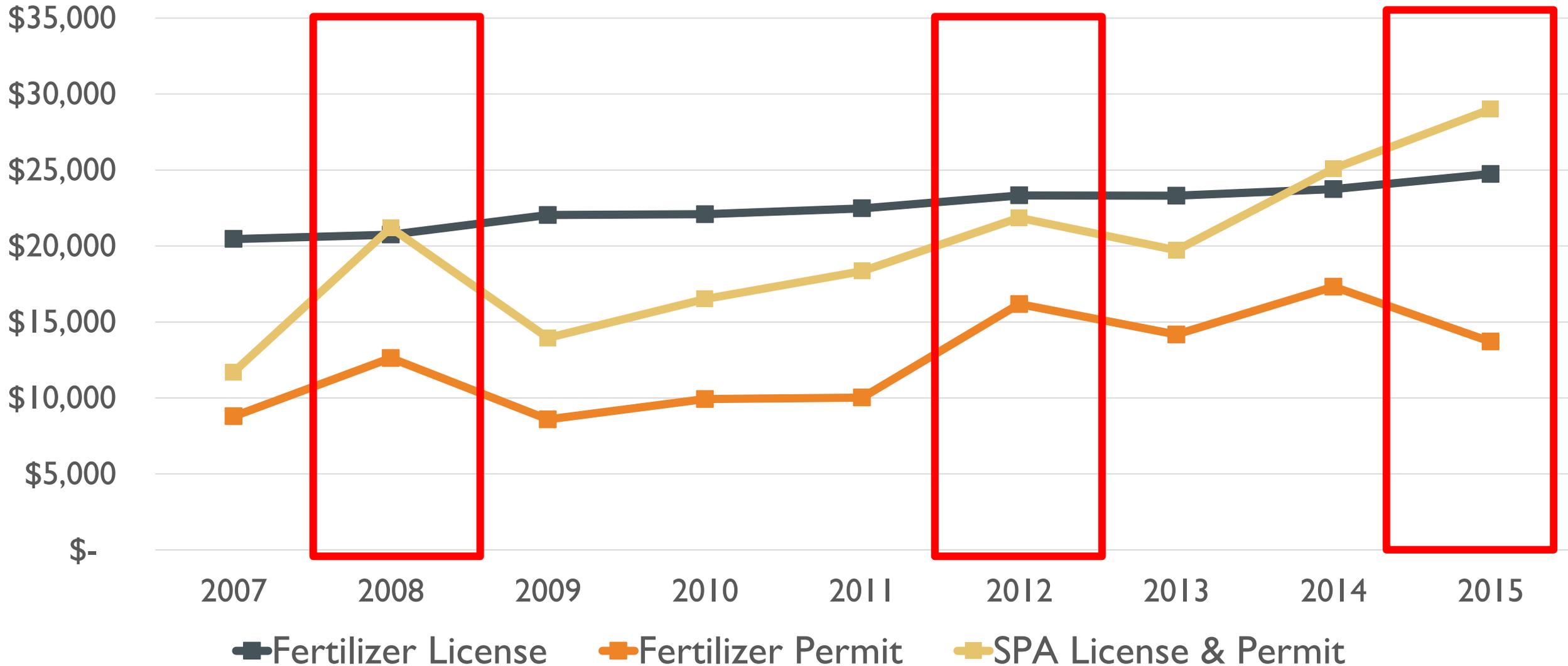
FERTILIZER PERMIT REQUIREMENTS

- Permit requirement established in 1985
- Only products with a combined N+P+K under 24% need permit
 - **Non-agricultural:** products used on lawns, gardens, greenhouses, etc.
 - **Special agricultural use:** products to meet certain nutrient needs in specific crops
 - Organic and other exemptions
- License fee (annual): \$30
- Permit fee per product (one-time): \$25

SPA PERMIT REQUIREMENTS

- SPA permits created in 1985
 - Previously, annual permits issued for cultures of micro-organisms
- Every SPA product requires a permit
- Products must be scientifically substantiated
- Products are reported by name on annual tonnage report
- License fee: \$25
- Permit fee per product (one-time): \$100

Fertilizer and SPA License and Permit Revenue



ISSUE #8 – PERMITS DO NOT EXPIRE

“Lifetime” permits are difficult to manage

- It is difficult for DATCP to know what actually is in the marketplace
- Businesses may unintentionally fall out of compliance
 - Forget to reapply when formulation, name or label changes
- Possible unfair marketplace for compliant businesses
- Closing or cancelling permits is administratively burdensome

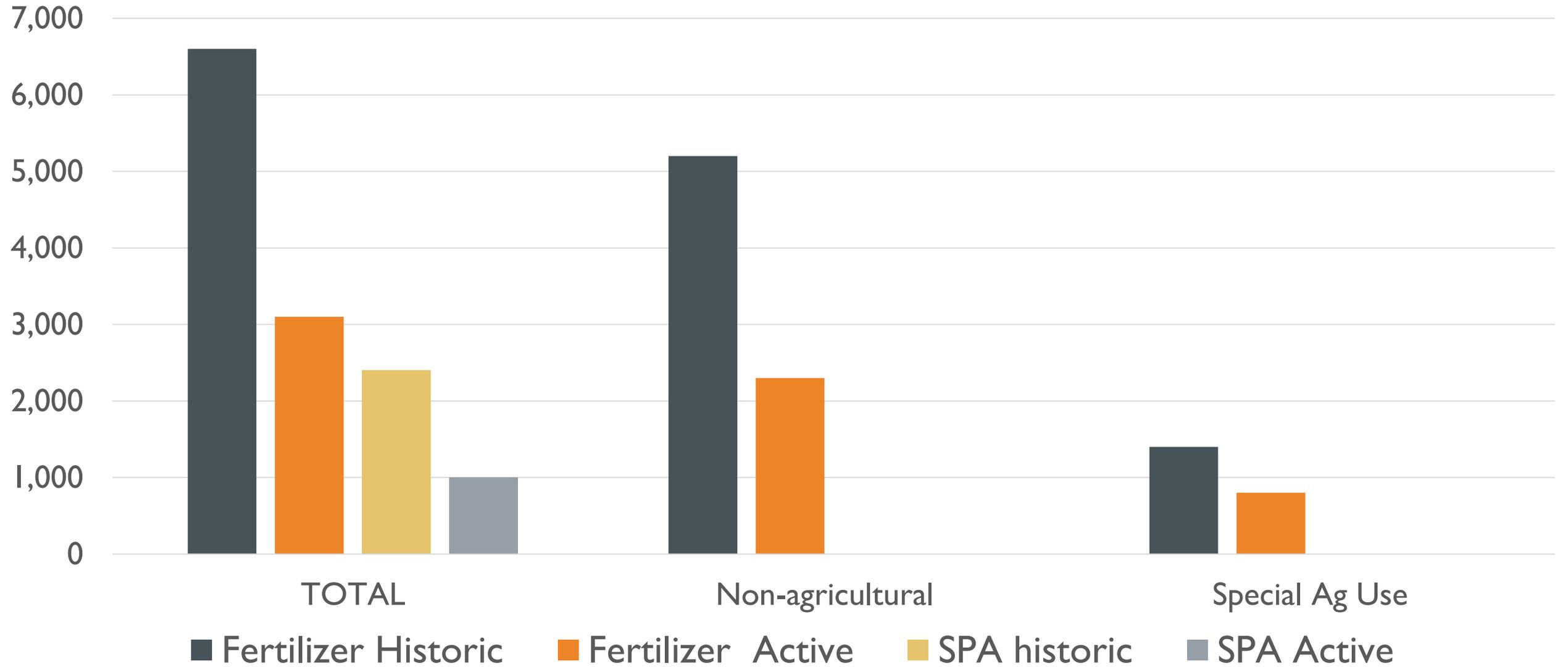
ACTIVE PRODUCTS PERMITTED IN WI

	Fertilizer	Soil or Plant Additive	Combination Products
TOTAL (Active) <i>All values approximate</i>	3,100	1,000	500 (1,000 permits)
Non-agricultural	2,300	N/A	N/A
Special Ag Use	800	N/A	N/A
Organic Exemptions	50	7	N/A

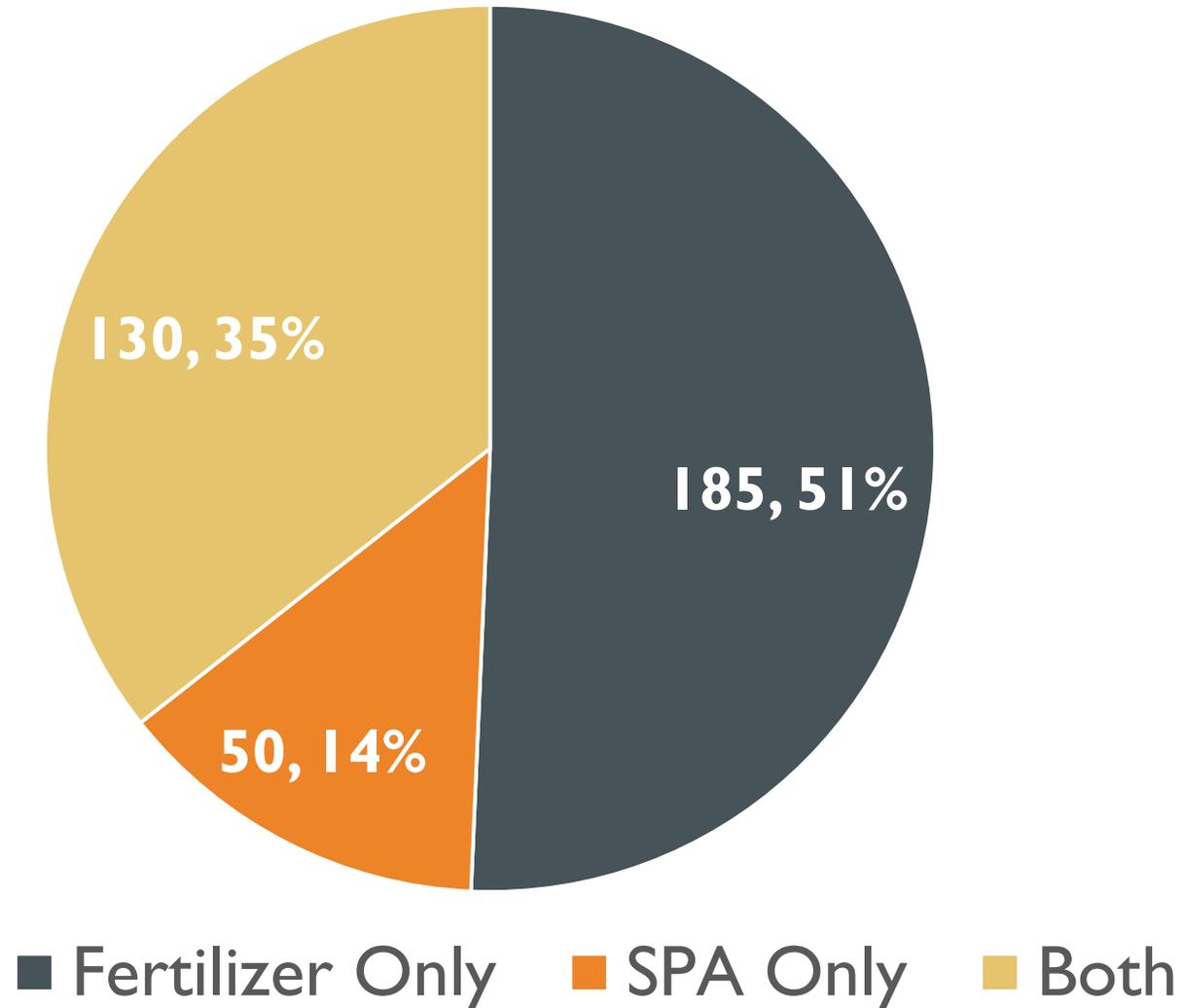
TOTAL PRODUCTS PERMITTED IN WI-HISTORIC

	Fertilizer	Soil or Plant Additive
TOTAL Historic All values approximate	6,600	2,400
Non-agricultural	5,200	N/A
Special Ag Use	1,400	N/A

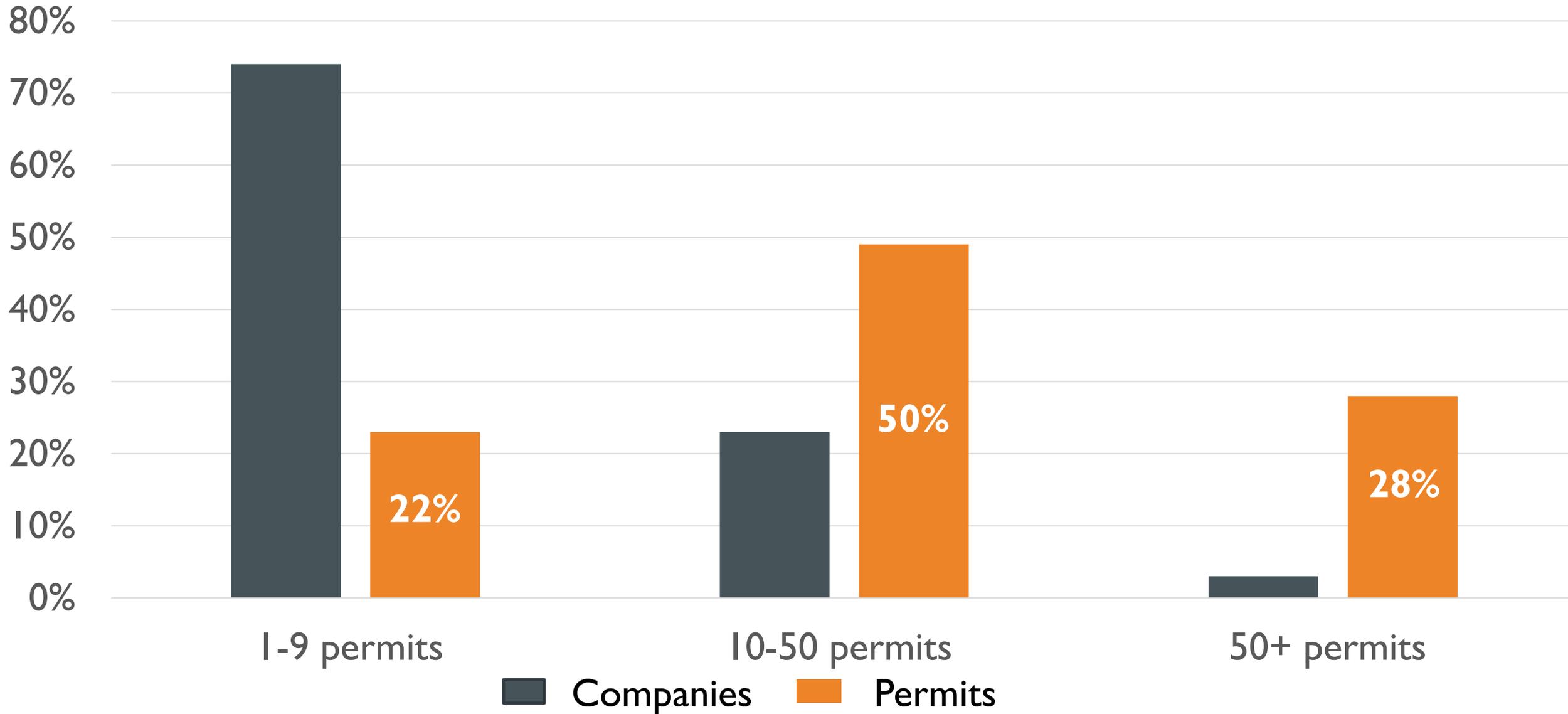
Number of Permits, Historic and Active



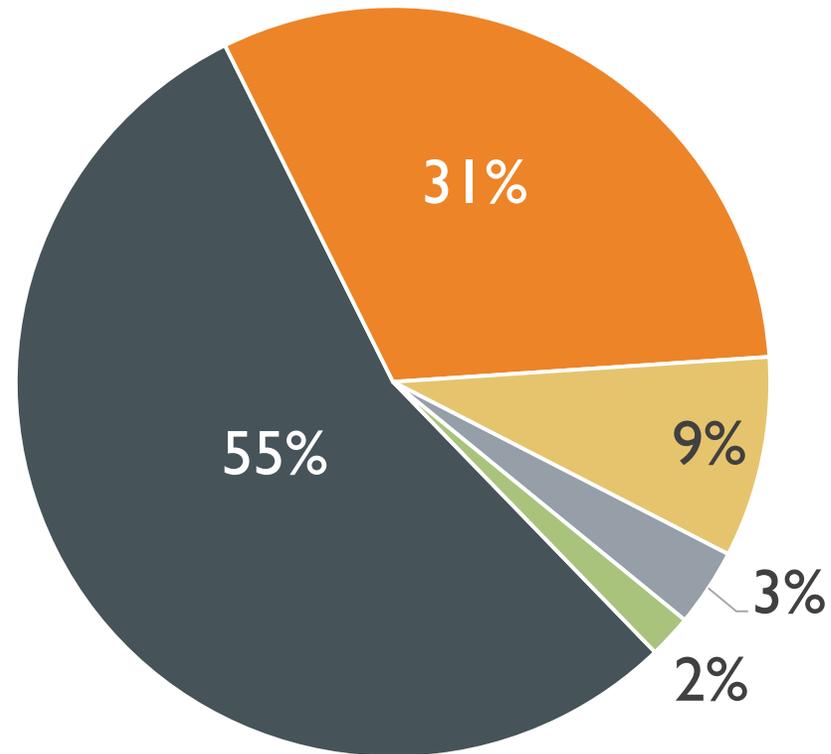
Number of Companies with Permits (N=365)



Permits per Company



Age of Active Permits



■ 5 years or less ■ 6-10 years ■ 11-15 years ■ 16-20 years ■ Older than 20 years

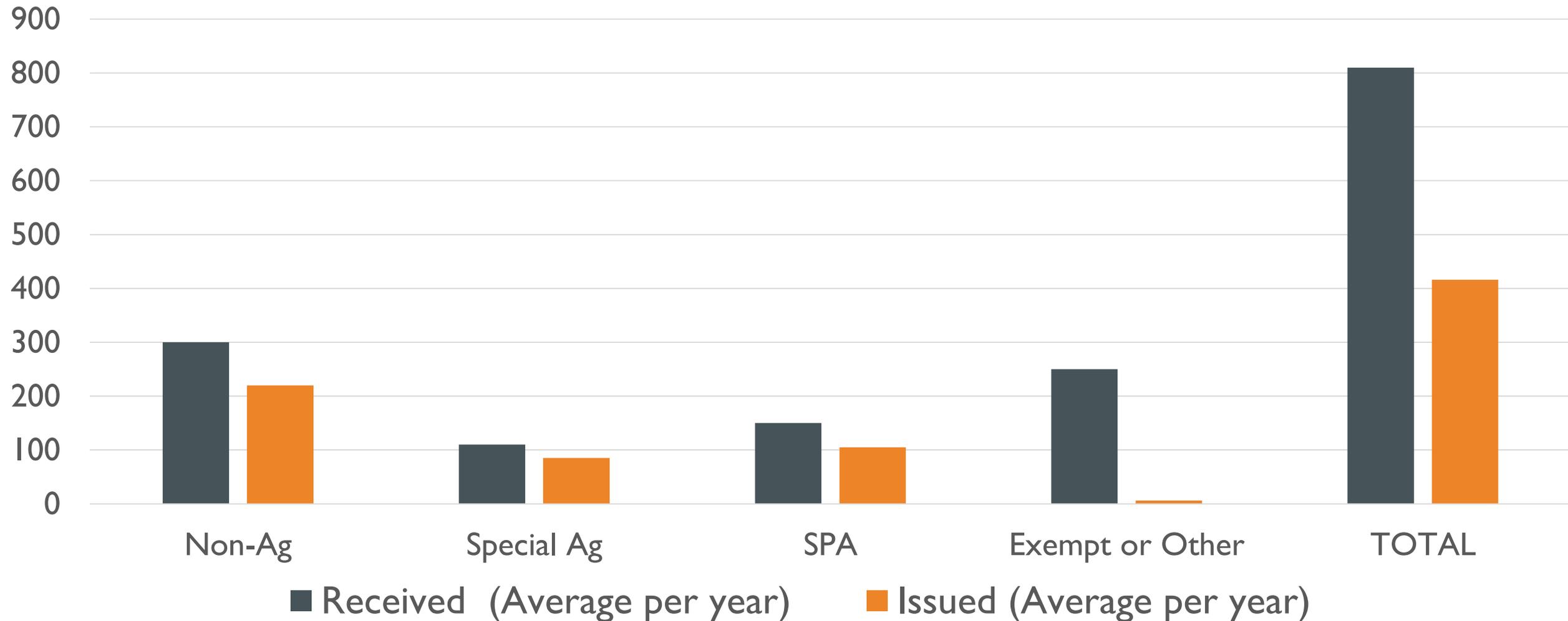
AVERAGE NUMBER OF PERMITS RECEIVED AND ISSUED SINCE 2008

	Non-Ag	Special Ag	SPA	Exempt or Other	TOTAL
Received (Average per year)	300	110	150	250	810
Issued (Average per year)	220	85	105	6	416

DIFFERENCE BETWEEN APPLICATIONS RECEIVED & PERMITS ISSUED

- Duplicate applications
- Incomplete applications
- Withdrawn applications
- Denied applications
- Don't need permit or applied for wrong one

Average number of permit applications received and issued per year, 2008-2015

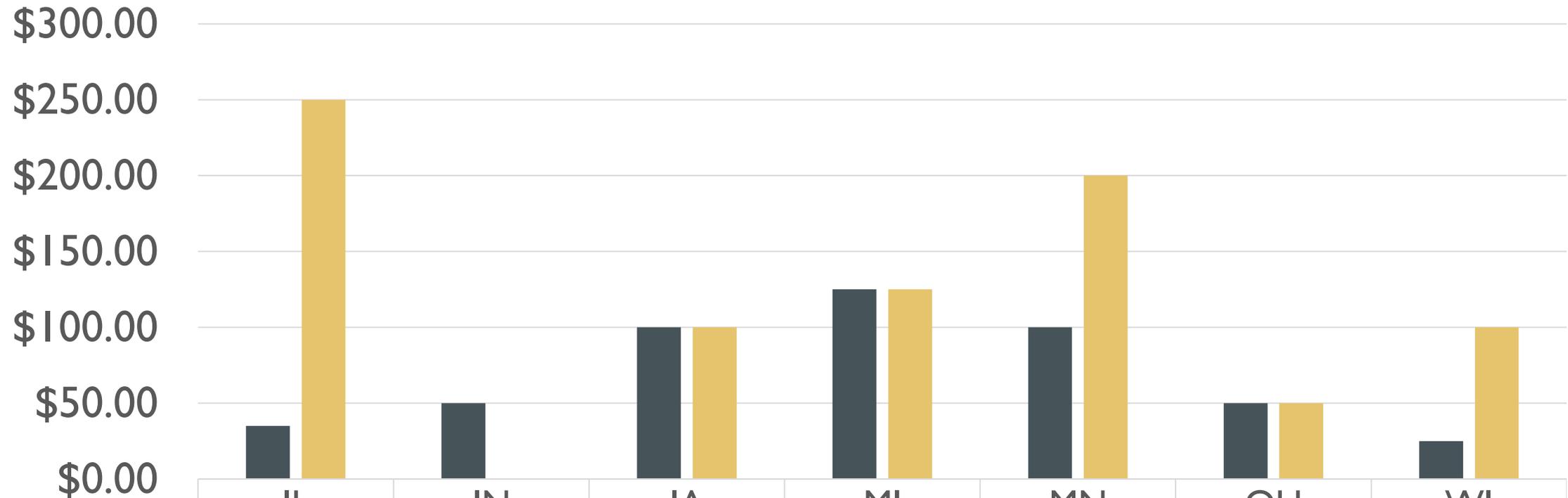


OTHER STATES' REQUIREMENTS

	WI	IA	IL	IN	MI	MN	OH
Fertilizer License	\$30	\$10	\$100	\$100/lawn care only	\$100	\$150	\$5/Ag \$100/Non-Ag blender
Fertilizer Permit	\$25 (1x)	\$100	\$10/Ag \$35/Small	\$20/Ag \$50/Small	\$125	\$100	\$50
SPA License	\$25	\$10	N/A	N/A	N/A	N/A	N/A
SPA Permit	\$100 (1x)	\$100	\$250	N/A	\$125	\$200	\$50

All annual permits and licenses unless otherwise indicated

PRODUCT REGISTRATION COSTS



■ Fertilizer

■ Soil or plant additive

\$35.00

\$50.00

\$100.00

\$125.00

\$100.00

\$50.00

\$25.00

\$250.00

\$100.00

\$125.00

\$200.00

\$50.00

\$100.00

ONGOING ACTIONS TO MANAGE PERMITS

- Administrative clean-up of permit database
- Sent active permit listing as part of most recent license renewal
- Permits “voluntarily surrendered” in 2015
 - Fertilizer: 700
 - Soil or plant additive: 150
- Discussing long-term solutions with industry (RevEx)



CONCEPTS FOR FUTURE PERMIT LIFESPAN



CONCEPT A: LIFETIME PERMIT WITH ANNUAL REGISTRATION

- Maintains one-time, lifetime product permit
- Continue to require new permits if formula or name changes
- Permitted products registered annually during license renewal
- Create a discontinuation process to assist with closing permits no longer needed
 - Products no longer manufactured or sold
 - Company no longer exists

CONCEPT A: PROS AND CONS

Pros

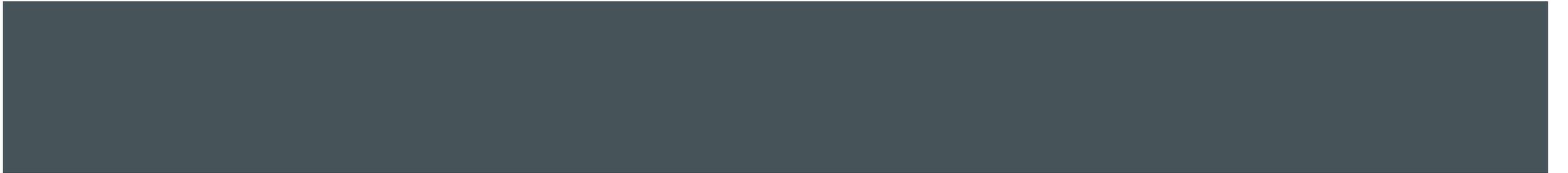
- Better knowledge of what is in the marketplace
- Compliance easier for industry
- No or limited additional fee
- More consistent with other states
- Administrative and rule change; limited change to statute required

Cons

- Additional DATCP admin work
 - Might require small fee to cover costs
- Industry still confused about when new permit is required
- May not address inability to close/end permits



DISCUSSION



CONCEPT B: MULTI-YEAR PERMIT

- Permits issued for a set time period (e.g. 5 years)
- Permits expire at the end of permit period.
- New permit applications required at end of permit period or when formulation or name changes.
- Uncertainty: What happens to existing lifetime permits?
Grandfather or formal discontinuation process?

CONCEPT B: PROS AND CONS

Pros

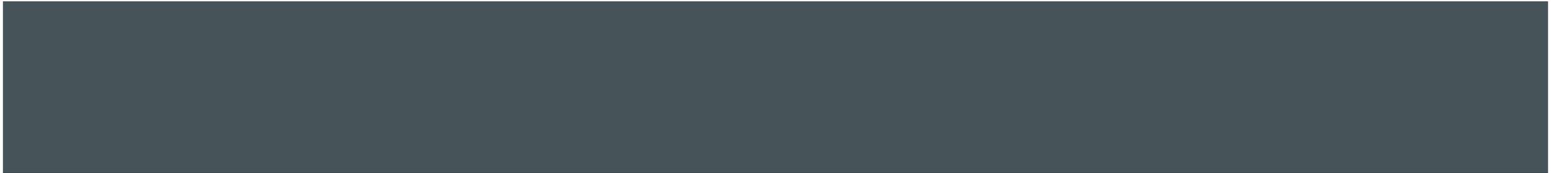
- Better knowledge of what is in the marketplace
- Less administratively burdensome for DATCP than currently
- Companies know when permits must be renewed
- Permits expire if not renewed

Cons

- Some additional costs and oversight to industry
- Licensee could have permits expiring at different times
- Additional DATCP permit review
- Could result in two permit systems for a time



DISCUSSION



CONCEPT C: ANNUAL PERMIT

- Permits expire annually
- Product permit application/registration required each year
- Expedited renewal for products with no or minimal changes
- Thorough review for new products and major changes
- Uncertainty: What happens to existing lifetime permits?
Grandfather until reapply? Create formal discontinuation process?

CONCEPT C: PROS AND CONS

Pros

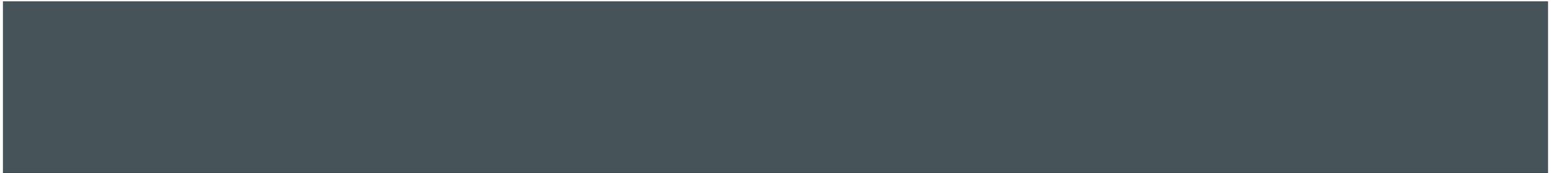
- Best knowledge of what is in the marketplace
- Compliance easy for industry and DATCP
- Consistent with other states
- Ability to ensure fair marketplace

Cons

- Additional industry costs
 - If all permits renewed at existing fee*
 - SPA = \$100,000
 - Fertilizer = \$77,500
- Additional DATCP workload
- Could result in two permit systems for a while



DISCUSSION



SUMMARY

- “Lifetime” permits are difficult to manage; unsure what’s actually in the marketplace
- No easy way to close permits, even if company no longer exists
- Need to make change to ensure compliance and fair marketplace
- May be legal constraints to options

QUESTIONS and DISCUSSION