

## **RevEx WorkGroup (Issue #1) Meeting Notes**

### **3/08/2016**

**Attendees:** Caitlin Frederick , Marv Prestrud, April Vingum, Kara O'Connor, Amy Winters, Tom Bressner, Jim Bruncker, Tom Lochner, Brian Swingle, Tim Clay, Paul Ferguson, Kristen Faucon, Robert Welch

**By Phone:** Jodie Thrune

**Staff:** Lori Bowman, Jennifer Heaton-Amrhein, Robby Personette, Stan Senger, Stacie Ashby, Barb Stalker, Mae Friederich, Steve Martin, Luke Lippert, Linda Kastorff, Mark McCloskey, John Petty, Mark Skare

Lori Bowman called the meeting to order at 9:30 a.m. Work Group members introduced themselves and who they represent.

### **RevEx Status Update**

Bowman went over the meeting objectives and reviewed the progress of RevEx Work Groups. To date, over 50 unique stakeholders have participated in the RevEx meetings.

#### **Issue 2/3 Pesticide Registration**

The Pesticide Registration subcommittee met on October 21 and included five additional participants. The committee discussed several different scenarios for pesticide registration and reached a consensus to pursue a flat fee option. DATCP conducted a survey of all pesticide registrants and 218 of 650 (many registrants are represented by "agents" who have multiple companies as clients) responded. There was high support for a flat fee, but concern over the possible size of the fee. There was support for either keeping the current calendar year registration cycle or moving to a July 1 to June 30 cycle. There was no solid direction on how to address 25 (b) minimum risk pesticides, which must be listed in Wisconsin but currently are exempt from fees.

There was some discussion about the 25(b) products and members suggested that if those products require staff time, they should pay something, even if it is not a full fee.

#### **Issue 4/5 Agricultural Chemical Clean-up Program (ACCP)**

The ACCP subcommittee met on November 12, January 6 & February 22 and included six additional participants. Most on the subcommittee want to ensure everyone, including "greenfield properties", are eligible for reimbursement through the ACCP and have the desire to continue the ACCP Fund after learning private insurance options are not available. The committee discussed several ideas for a new funding structure and other changes. Committee members had widely divergent views on the best way to fund the program, so DATCP considered all feedback and made a single proposal at the subcommittee's third meeting. Members are now vetting that proposal with their organizations and members. There has been a request to meet again to discuss possible refinements to the proposal, including increasing the discharge site maximum. That meeting will be scheduled in April.

#### **Issue 6/7 Feed tonnage**

Industry requested the department expand the scope of the Issue 6 subcommittee from just considering minimum tonnage to looking at overall feed tonnage reporting and inspection fee assessment. Pet food (Issue 7) was determined to be a minimum tonnage issue, not a licensing issue (at this time) and was combined into this topic. This committee included 13 additional participants and has met one time on February 11. The committee discussed concerns & confusion re: feed tonnage fees and reporting and three possible ways to assess and collect inspection fees. The committee reached a consensus recommendation that the department should assess a minimum tonnage fee of \$50 for licensees selling

and reporting under 200 tons. The committee will meet again on March 30 to discuss possible changes to the way inspection fees are assessed and collected in more detail.

### **Issue 8 Fertilizer and Soil and Plant Additive (SPA) Permits**

The Fertilizer and SPA subcommittee has not yet met. Invitations were sent on February 27 to 20 possible participants. The meeting is in the process of being scheduled for early April. The department anticipates this will require one meeting to look at how to manage permit renewals.

### **Next Steps**

Bowman explained that the department should finish its subcommittee work by May. Staff will then write the report. DATCP will reconvene participants in June or July to provide feedback on the report. There are many different paths forward at that point. Recommendations could go through the department budget, the Governor's budget, or from the Legislature itself. The state's biennial budget will be signed on or about July 1, 2017, and the Bureau would begin implementing any approved changes at that point. The Bureau's BAM-IT project is working on a parallel timeline so any IT changes can be implemented promptly in a new system. Also, the Bureau's eight administrative rules will also need to be updated to incorporate any changes.

There was some discussion about whether or not the rules would have to be revised before any changes take effect. Statutes govern rules, so any changes made to statute will be in effect on the effective date of those changes, regardless of whether or not there is a conflict with the rule. While some rule changes can be made through a technical rule change (i.e. making fees consistent to statute), more substantive changes that are needed or desired will require a full rule process. Many needed changes to modernize the rules have been found as part of the BAM-IT process.

### **ACM Fund Revenues and Expenditures**

Jennifer Heaton-Amrhein provided the committee a refresher course on ACM Fund revenues and expenditures. The ACM Fund is responsible for all operational expenses of the Bureau, including salaries, rent, laboratory services, IT, etc. The gap between annual ACM fund revenue and expenditures does fluctuate somewhat each year, however, historically there has been more revenue each year than needed for expenditures. Heaton-Amrhein showed the trend of revenues and expenditures from Fiscal Year '07-08 through Fiscal Year '14-15. The ACM Fund balance grows each year and the current balance is close to \$7 million. The question for discussion was, "Is a revenue reduction necessary to narrow the gap between revenues and expenditures, and if so, where would a reduction be most palatable?"

Heaton-Amrhein showed graphs that indicated that pesticide registration and license fees range from about 75-80%, feed between 13.5-15.5% and fertilizer between 5.5-6.5% of annual revenues. On the expenditure side, the pesticide program is responsible for about 63%, feed 13% and fertilizer 24% of the bureau's expenditures (based on time reporting). The question for discussion was, "Are revenues and expenditures equitable between programs and do they need to be?"

Members asked about the cash balance, and if there is any way to request a fee holiday or fee reduction to lower the cash balance. They also asked if some of that money could be used for necessary items such as BAM-IT. Bowman said that there had been some discussion about whether or not some of the balance could be used to offset a change in the pesticide registration licensing cycle or for BAM-IT. Both ideas would require legislative approval to temporarily increase the expenditure authority. Members said that licensees would not support paying extra funds to change the license cycle when there is a huge balance and so many dollars have already been lapsed or transferred. The committee indicated a fee reduction, fee holiday or support funding for new IT systems (or a combination of these ideas) would be supported by industry. If an ongoing fee reduction is possible, the committee generally felt that a

reduction in the pesticide program area would be most palatable given the revenues from that program area tend to exceed expenditures. A fee reduction in the pesticide program area would also make the revenues and expenditures for the three program areas more equitable. Using a flat fee for pesticides will make the ACM revenues less volatile, but we may need to go to the industry for more frequent fee changes.

There were numerous request for additional information, including the ACM and ACCP Fund lapse/transfer history and some additional information on Bureau expenditures by operational program areas (Spills, Clean Sweep, Fertilizer, groundwater, etc. . .). The Bureau was also asked to do some projections for FY '15-16, FY '16-17, and FY '17-18 to see what our proposals would mean in terms of revenues and expenditures.

Heaton-Amrhein provided a chart of pesticide fees for Wisconsin and six other Midwestern states and FY '13-14 balance statements for the Bureau's other funds (ACM, grants, and Pass-through revenues provided to others) after lunch to fulfill requests for that information that came up during the meeting.

Bowman thanked the work group for its efforts today. She stated that staff would work to pull together the information requests and will send that information out to the full group.

The meeting adjourned at 1:15 pm.