

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB1055

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Stuart

3. Committee: Agriculture, Chesapeake and Natural Resources

4. Title: Fertilizer and deicing agents; regulation of application; report.

5. Summary: This bill adds public sector applicators as regulated agents by the Board of Agriculture and Consumer Services (the Board) and requires that all persons subject to regulations who apply any regulated product to nonagricultural lands become trained in nutrient management practices and comply with new reporting requirements established by this bill. To assist with these new reporting requirements, the Board is to provide for optional reporting by electronic methods and is to make available to the public the total acreage or square footage by zip code.

According to this bill, the sale, distribution or use of lawn maintenance fertilizer containing phosphorus and deicing agents containing forms of nitrogen or phosphorus is prohibited beginning on January 1, 2013. The bill requires the Virginia Department of Agriculture and Consumer Services (VDACS) to develop consumer information and recommended best practices for the application of lawn fertilizer, including a cautionary label on application and use listed on all packages of lawn fertilizer.

This bill requires the Department of Conservation and Recreation (DCR) to adopt regulations and operate a voluntary nutrient management training program to enable landowners and operators to prepare nutrient management plans for their own property. These plans are to be approved by the local soil and water conservation district. DCR is required to provide technical assistance and training on the development and implementation of nutrient management plans which are required for golf courses prior to July 1, 2017. DCR is also to establish, a cost-share program specific to golf courses prior to July 1, 2015. Any golf course found to be in violation of the provisions of this bill shall be assessed a \$250 penalty; monies collected pursuant to this penalty shall be deposited into the Nutrient Management Training and Certification Fund.

According to the bill, localities may regulate the use, application, or storage of fertilizer for (i) contractor-applicators who are in compliance with Chapter 36 of Title 3.2, (ii) golf courses that have nutrient-management plans, or (iii) agricultural operations that have either a resource management plan or a nutrient management plan developed in accordance with the standards and specifications of DCR.

Finally, this bill contains an enactment clause that requires VDACS to (i) provide a report concerning the use of slowly-available nitrogen in fertilizer material to the legislative committees with subject matter jurisdiction over agriculture and the environment, and (ii) consult with DCR and the Chesapeake Bay Commission concerning the development and content of the report.

- 6. Budget Amendment Necessary:** No, see item 8, below (additional funding is not needed until FY 2013).

- 6. Fiscal Impact Estimates:** Preliminary.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2011	\$0	0.00	n/a
2012	\$0	0.00	n/a
2013	\$275,000	0.00	General
2014	\$227,000	0.00	General
2015	\$227,000	0.00	General
2016	\$227,000	0.00	General
2017	\$227,000	0.00	General

- 8. Fiscal Implications:** This bill places additional responsibilities on VDACS regarding the regulation of fertilizer and on DCR regarding the development, implementation, and enforcement of nutrient management plans.

Regulation of fertilizer (VDACS):

VDACS anticipates that any fiscal impact resulting from this bill can be absorbed within current resources.

Development, implementation and enforcement of nutrient management plans:

DCR is required by the bill to develop a voluntary nutrient management training program. It is not known how many people would be interested in receiving the training, and the bill does not specify a timeframe for implementation of this requirement. This fiscal impact statement anticipates the costs starting in FY 2013.

- *Additional staff, \$80,000 per year:* At a minimum, DCR anticipates that \$80,000 will be needed annually to support a position to implement the provisions of this bill related to the development and offering of a voluntary nutrient management training program. The agency can utilize an existing position so the agency's position level would not be impacted.
- *Technology costs, \$75,000 the first year and \$27,000 per year thereafter:* Initial one-time expenses from the development of software for the training is estimated at \$175,000.

DCR already has a Productivity Incentive Grant in the amount of \$100,000 that could be applied to this project, leaving a need for \$75,000. Ongoing expenses are estimated to cost approximately \$27,000 annually. These ongoing costs are associated with hosting the application on Virginia Information Technologies Agency (VITA) servers, software maintenance, edits, and improvements.

- *Cost for training state employees, \$0:* The bill requires that all state employees that apply nutrients take training and then provide an annual acreage report. It is anticipated that any costs resulting from this can be absorbed within agencies' current resources.

Additionally, DCR is required to provide training and technical assistance to golf courses, to establish a cost-share program specific to golf courses prior to July 1, 2015, and to approve nutrient management plans for golf courses within 30 days of submission. These plans must then be reviewed by DCR every five years thereafter.

- *Staffing Costs, \$50,000 annually starting in FY 2013:* According to DCR, the Virginia Turfgrass Council is aware of over 350 golf courses in Virginia. Dividing the workload associated with developing plans for all 350 courses over the five-year period from 2012 through 2017 (when all courses are required to have a plan submitted) would allow the development of plans for approximately 70 courses per year. If DCR is able to divide the workload as such, the agency anticipates being able to utilize an existing position. This position would be responsible for the ongoing technical assistance and training, development and management of the cost-share program, and the auditing of the plans for compliance. However, the agency does anticipate needing \$50,000 to provide fiscal support for a portion of this position. This support funding would be needed starting in FY 2013.
- *Cost-share program costs, \$70,000 annually starting in FY 2013:* Assuming that 20 percent of golf courses develop plans beginning in FY 2013, and assuming \$20 per acre with a 50 percent cost share (\$10 provided by the state, \$10 paid for by the golf course), the annual cost to the state would be \$70,000 from FY 2013 through FY 2017. If the cost-share program is required for plan renewal, then the \$70,000 annual cost would continue indefinitely. It is not known whether the cost-share monies provided by the state are to come from existing agricultural cost-share programs, or whether new funding is required. This statement assumes that new monies would need to be provided starting in FY 2013.
- This bill creates a penalty of \$250 for all golf courses found to be in violation of the provisions of this bill. It is not known how many penalties will result; but any penalties are to be deposited into the Nutrient Management Training and Certification Fund within DCR.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services, Department of Conservation and Recreation, the Chesapeake Bay

Commission, any state agencies, municipal corporations, or governmental agencies who apply any regulated product to nonagricultural lands.

10. Technical Amendment Necessary: No.

11. Other Comments: HB1831H1 is identical to this version of SB1055.

Date: February 11, 2011

c: Secretary of Agriculture and Forestry
Secretary of Natural Resources