

Fiscal Note & Local Impact Statement

126th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **S.B. 189** DATE: **October 18, 2005**

STATUS: **As Introduced** SPONSOR: **Sen. Grendell**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Makes changes to the Agricultural Seed Law**

State Fiscal Highlights

STATE FUND	FY 2006	FY 2007	FUTURE YEARS
Feed, Fertilizer, Seed, Lime Inspection and Laboratory Fund (Fund 4C9) – Department of Agriculture			
Revenues	Minimal loss	Minimal loss	Minimal loss
Expenditures	- 0 -	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2006 is July 1, 2005 – June 30, 2006.

- This bill revises the requirements regarding the amount of vegetable and flower seed that a seed labeler permit holder reports on the permit holder's semiannual report as having sold and on which the fee for the report is based. The bill would reduce the fees submitted by flower seed distributors by basing the fee on seed count for certain hermetically sealed flower seeds rather than weight.
- The Department of Agriculture reports that between \$20,000 and \$40,000 in revenue was received from this fee. Under the new fee schedule, much of that revenue would be lost. However, the Plant Industry program does not necessarily depend on this revenue source alone, and as such, the impact on the Department should be minimal.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Seed Fees

Under current law, a person who holds a valid seed labeler permit (\$10) issued under the Agricultural Seed Law must report to the Director of Agriculture concerning the amount of seed that the person sells in Ohio. The report must be made semiannually and the person who holds a valid seed labeler permit must include with each semiannual report a seed fee based on the amount of a particular seed that the person sold during that reporting period. Current law establishes different fees for specified types of seed. For vegetable and flower seed sold at wholesale or retail or on consignment or commission in containers of eight ounces or less, the fee is 2% of the wholesale value of the containers of seed, or if the seed is not sold wholesale, 2% of the retail value of the containers of seed.

The bill attempts to rectify an unintended effect from H.B. 143 of the 125th General Assembly in which regulations on agricultural and vegetable seeds were extended to include flower seeds. Specifically, the unintended consequence is that, because the distribution method for flower seeds, which includes shipments to commercial greenhouses, differs from that of other seed packets intended for resale and given that flower seeds are much more expensive per pound than agricultural seeds, businesses that ship flower seeds to commercial greenhouses are charged fees that are much greater than those charged for agricultural seed, since "bulk" packages of flower seed usually weigh less than eight ounces.

In order to rectify this, the bill generally retains the requirements governing the fee for flower and vegetable seed with the exception of the amount of seed to which the fee applies. Under the bill, the fee applies to (1) vegetable and flower seed sold in containers of eight ounces or less, (2) flower seed sold in hermetically sealed containers that contain fewer than 300 seeds, and (3) vegetable seed sold in hermetically sealed containers that contain fewer than 1,000 seeds. Under the bill, the fee established under current law and discussed above applies with respect to seed sold in hermetically sealed containers even if the containers do not clearly state the number of seeds that they contain. Further, if the weight or quantity of seed in a container exceeds the applicable weight or quantity specified under the bill, the fee established under current law for

agricultural, vegetable, and flower seeds not otherwise specified applies, which is 10 cents per 100 pounds.

The Department of Agriculture reports that between \$20,000 and \$40,000 in unanticipated revenue per year was gained from the seed fees. Under the new fee schedule, much of this revenue would be lost. However, the Department noted that the funding was not necessarily counted on in funding the Plant Industry program. Therefore, the impact from the bill on the Department seems to be minimal.

Legume Inoculant Brand Registration

Under current law, no person can manufacture or distribute any type of legume inoculant or pre-inoculated seeds in Ohio until the person has registered the brand of the legume inoculant with the Director. Legume inoculation refers to the addition of certain bacteria to legume seed prior to planting. Such inoculation aids in the production of nodules (a swelling on the root of a legume that contains bacteria that fix nitrogen from the air) and makes nitrogen available to the plant in the early growth stages.

Applications for registration must be made on forms obtainable from the Director and must be accompanied by a \$50 per brand fee. All registrations expire each year on July 31 and must be renewed in accordance with the Standard License Renewal Law. The bill changes the expiration date of the registrations from July 31 to December 31 to align the expiration date of legume inoculant registrations with the expiration date of other similar registrations. The Department reports that there would be no impact on the revenue stream from the change in registration expiration date.

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