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A non-profit coalition to promote the efficient production of quality food and fiber while protecting human health, personal property and the environment, through the integrated, responsible use of pest management products, soil nutrients and biotechnology.

HB 2443 -- Relating to soil enhancing products

03 March 2015

Testimony to the House Committee on Agriculture & Natural Resources

Honorable Committee Members:

Oregonians for Food & Shelter (OFS) is a grassroots coalition of farmers, foresters, and other technology users focused on natural resource issues involving pesticides, fertilizer, and biotechnology. We are writing you today in support of HB 2443. We thank you for the opportunity to submit comments on this important issue.

Please Support House Bill 2443

HB 2443 is a well-crafted proposal that ensures that the Oregon Department of Agriculture (ODA) fertilizer program is adequately funded for the foreseeable future including its research grant program. ODA worked with a variety of stakeholders over the last year to identify a more equitable way to fund the fertilizer program going forward and HB 2443 is the result of those efforts. HB 2443 does three major things:

- Increases registration fees and product evaluation fees for soil enhancing products.
- Adds a tonnage tax on lime.
- Updates statutory language to match national model language.

Increases registration fees and product evaluation fees for soil enhancing products

As the stakeholder group evaluated the current fertilizer program, it became apparent that there is a real inequity in the current fee system. A majority of the costs associated with the program is employees who spend almost all of their time working on project registrations. Project registrations in Oregon cost \$25 regardless of how much time ODA staff spends on a particular registration. At the same time, a majority of the funding for the program comes from the fertilizer tonnage tax.

Unfortunately, the products that take the most time to register are very low volume "specialty products" often registered by entities with little experience with the fertilizer registration process. These registrants often require corrections on their labels and extra help in general, which can take a substantial amount of time from ODA staff. These products often sell in small quantities and don't end up paying much, if any, tonnage tax. Making the situation even worse is that since Oregon has some of the highest standards in the US for fertilizer registration, entities know if they get registered here they can use the same labels to get registered in most other states. They see Oregon as a \$25 investment in limitless assistance in bringing their registration into compliance. This has become a major problem for the program staff.

In contrast, most of the products that significant tonnage tax is paid on are registered by companies that have experience with the registration process and require very little ODA staff time to register their products. This creates an inequity where the largest users of the program resources contribute the least to those resources, and vice versa.

HB 2443 attempts to correct that inequity by increasing fees on registrations, not on the tonnage of a product sold. Additionally it gives ODA the authority to charge entities more if they continue to utilize ODA staff resources without making the recommended changes that would bring their registrations into compliance. It no longer allows for limitless assistance from ODA staff for a single \$25 fee. HB 2443 would raise the cap on registration fees to \$50 and allow for a product registration fee for registrations that take a substantial amount of ODA staff time. The cap on the product registration fee would be \$500.

Add a tonnage tax on lime

Currently there is no tonnage tax on lime products. Historically there has been a tonnage tax on those products as they are also regulated under ODA's fertilizer program. The previous tonnage tax on lime was \$.05 and sunsetted in 200~~0~~². HB 2443 reinstates the lime tonnage tax at the same level.

Updates statutory language to match national model language

HB 2443 updates the fertilizer statute language to match the recommendations of the Association of American Plant Food Control Officials (AAPFCO). This bill also removes terms and products no longer in commerce, and includes new products that need to be described. The updates are technical in nature, and are not policy changes. We support these changes.

Vote YES on HB 2443

House bill 2443 is a well-crafted bill that will ensure the ODA fertilizer program is funded adequately and equitably into the future, and we urge your support.

Sincerely,



Scott J. Dahlman
Policy Director