

STATE OF MINNESOTA  
DEPARTMENT OF AGRICULTURE

IN THE MATTER OF THE PROPOSED AMENDED )  
RULE OF THE DEPARTMENT OF AGRICULTURE )  
GOVERNING SEED FEE PERMIT )  
REPORTING PERIODS )  
(MINNESOTA RULES 1510.0281)

STATEMENT OF NEED  
AND REASONABLENESS

I. INTRODUCTION

The subject of this rulemaking is the proposed amendment to a rule of the Minnesota Department of Agriculture governing seed fee permit reporting periods.

The amendment to the existing rule pertaining to seed fee permit reporting periods is proposed for adoption pursuant to Minnesota Statutes 21.85, subdivision 11, which authorizes the Department to make rules for the proper enforcement of the seed law.

The proposed amendment is necessary as a result of the Department's previous commitment to reduce the seed fee permit reporting period frequency as soon as a reasonable reserve was present in the dedicated seed act account.

The specific item to be considered in the amendment to the existing rule pertains to a reduction in the frequency of reporting seed sales under the seed fee permit requirements. This amendment would change the reporting periods from quarterly to semi-annual.

The notice of intent to adopt rules without a public hearing was published in the State Register by the Department on June 17, 1985. The Commissioner of the Minnesota Department of Agriculture proposes that the rules are noncontroversial and be adopted in accordance with Minnesota Statutes 14.22 to 14.28. Responses to consultations with seed industry representatives indicate that the proposed rulemaking is noncontroversial.

The discussion provided in this statement is divided into the following parts:

- II. Small Business Impact
- III. General Overview
- IV. Need For And Reasonableness Of The Proposed New And Amended Rules
- V. Attachments

## II. SMALL BUSINESS IMPACT

Minnesota Statutes 14.115 requires an assessment of the impact on small businesses when laws and rules are enacted that affect them.

The impact on small seed businesses would be beneficial if the proposed amendment is adopted to change the frequency of reporting periods under the seed fee permit requirements. This change would mean semi-annual reporting instead of quarterly reporting of seed sold. Therefore, the cost for seed fee permit holders in making reports on seed sold would be reduced by up to 50 percent. Additionally, this change would reduce the costs of the seed regulatory program in administering this provision of the seed law. By reducing program operating costs, small seed businesses can expect fees to remain at present levels or to increase more slowly in years to come.

## III. GENERAL OVERVIEW

### A. The Need For Reducing The Frequency Of Seed Fee Permit Reports

The present seed fee permit reporting system requires quarterly reports of seed sold to be made within 30 days after the last day of the quarters ending December 31, March 31, June 30, and September 30 of each year. The proposed amendment changes the reporting periods to semi-annual with the periods ending on March 31 and September 30 of each year. This will reduce the cost of filing these reports for permit holders and also reduce the Department's costs in the distribution and the processing of these reports. The fees collected will not change, but the times of the

year when they are collected will. The dedicated seed act account has sufficient reserve to cover operating costs of the seed regulatory program during a changeover from quarterly to semi-annual reporting. Attachment A at the end of this statement is a fiscal analysis of the effect on revenue collection that this change in reporting period frequency will bring about.

The proposed rulemaking is necessary and reasonable to improve the efficiency of the collection of revenue for the seed regulatory program and will benefit both consumers and sellers of seed by decreasing overhead costs to the seed industry.

B. Format Of The Proposed Amended Rule

The proposed amended rule is set forth in the following manner: Change in reporting period frequency under the seed fee permits part of the rule entitled "Charges Under Minnesota Seed Law."

In this statement, the contents of the proposed amendment will not be repeated for the sake of brevity. The number and title of the rule has been noted for reference purposes.

IV. NEED FOR AND REASONABLENESS OF THE PROPOSED AMENDMENT

The need for and reasonableness of the proposed amendment follows:

1510.0281 Charges Under Minnesota Seed Law. Subpart 3. Seed Fee Permits. Clauses B and D.

The existing rule specifies that seed fee permit reports be made on a quarterly basis. The amendment changes this reporting frequency to semi-annual. It is necessary to change the reporting frequency to reduce the costs of compliance for the permit holders. It is reasonable to make this change because it will also reduce the Department's operating costs for administering the seed fee permits. It is further reasonable because it will not change the amount of revenue collected from the seed fee permits and the seed regulatory program will continue to be adequately funded.

V. ATTACHMENTS

REVENUE-SEED ACT ACCOUNT

FISCAL YEARS 84 THROUGH 91

<sup>1</sup> F.Y. 84 (Quarterly Reporting)		F.Y. 88 (Semi-annual Reporting)	
June 30, 1983	\$ 97,000	September 30, 1987	\$117,000
September 30, 1983	25,000	March 31, 1988	<u>320,000</u>
December 31, 1983	132,000		
March 31, 1984	<u>254,000</u>		
total	\$508,000	total	\$437,000
<sup>2</sup> F.Y. 85 (Quarterly Reporting)		F.Y. 89 (Semi-annual Reporting)	
June 30, 1984	\$ 95,000	September 30, 1988	\$117,000
September 30, 1984	22,000	March 31, 1989	<u>320,000</u>
December 31, 1984	112,000		
March 31, 1985	<u>208,000</u>		
total	\$437,000	total	\$437,000
<sup>3</sup> F.Y. 86 (Semi-annual Reporting)		F.Y. 90 (Semi-annual Reporting)	
September 30, 1985	\$117,000	September 30, 1989	\$117,000
March 31, 1986	<u>320,000</u>	March 31, 1990	<u>320,000</u>
total	\$437,000	total	\$437,000
F.Y. 87 (Semi-annual Reporting)		F.Y. 91 (Semi-annual Reporting)	
September 30, 1986	\$117,000	September 30, 1990	\$117,000
March 31, 1987	<u>320,000</u>	March 31, 1991	<u>320,000</u>
total	\$437,000	total	\$437,000

<sup>1</sup>Actual Revenue

<sup>2</sup>F.Y. 85 and subsequent years, revenue is estimated

<sup>3</sup>Proposed change in reporting period

BUDGET EXPENSES-SEED ACT ACCOUNT

FISCAL YEARS 84 THROUGH 91

NOTE: Prior to Fiscal Year 84, the seed program was funded from general appropriation. July 1, 1983 marked the beginning of the dedicated Seed Act Account.

Fiscal Year

84 - 354,000

<sup>1</sup>85 - 384,500

86 - 403,700

87 - 423,900

88 - 445,100

89 - 467,400

90 - 490,800

91 - 515,300

<sup>1</sup>Projected at annual rate of increase of 5%

FISCAL ANALYSIS-SEED ACT ACCOUNT

FISCAL YEARS 83 THROUGH 91

NOTE: Prior to Fiscal Year 1984 the seed program was funded from general appropriation. July 1, 1983 marked the beginning of the dedicated Seed Act Account.

Fiscal Year	Revenue	Budget Expense	Surplus or (Deficit)
<sup>1</sup> 84	508,000	354,000	154,000
<sup>2</sup> 85	437,000	384,500	206,500
86	437,000	403,700	239,800
87	437,000	423,900	252,900
88	437,000	445,100	244,800
89	437,000	467,400	214,400
90	437,000	490,800	160,600
91	437,000	515,300	82,300

<sup>1</sup>Actual data

<sup>2</sup>Projected through F.Y. 91