

**Agricultural Chemical Response and Reimbursement Account
(ACRRA)**

ANNUAL SUMMARY REPORT

For Fiscal Year 2007



Prepared on behalf of the Agricultural Chemical Response Compensation Board

and the Commissioner of Agriculture for:

**Minnesota's Legislative Coordinating Commission
Senate Environment and Natural Resources Committee
House Environment and Natural Resources Committee**

PROGRAM OVERVIEW

The Agricultural Chemical Response and Reimbursement Account (ACRRA) was created under the the 1989 Minnesota Ground Water Protection Act to provide financial assistance to cleanup agricultural chemical contamination. Contamination may occur suddenly, such as in fires or transportation accidents or site can be contaminated by agricultural chemicals over time. The program is funded through annual surcharges on pesticide and fertilizer sales, and on applicator and dealer licenses.

The ACRRA funds are administered by the Agricultural Chemical Response Compensation Board. The five-member board consists of representatives from the agricultural chemical registrants, manufacturers/dealers, farmers, and the Departments of Agriculture and Commerce. The Board determines the eligibility of applicants and whether costs submitted are eligible, reasonable, and necessary. For an eligible person to receive assistance, the Minnesota Department of Agriculture (MDA) must receive notice of an agricultural chemical incident, and corrective action requirements must be met.

The ACRRA Program is supported by MDA staff funded out of account revenues. Duties performed by the staff include: reviewing applications, making funding recommendations to the board based on statute and rule, financial forecasting, developing legislative initiatives, and coordinating activities with MDA Incident Response.

PROGRAM HIGHLIGHTS

Over its 18 year history, the ACRRA program has disbursed almost \$26 million to cover eligible corrective action costs at over 440 incident sites. Sites funded included clean-ups at abandoned agricultural facilities, transportation related incidents, and other spills of agricultural chemicals.

ACRRA staff has assisted the State of Minnesota in maintaining a clean environment by administering this program to help defray some of the cost for cleaning up agricultural chemical spills. Oversight of the corrective action taken to clean up contamination is the responsibility of the MDA Incident Response Unit.

The photo on the front cover was taken by ACRRA staff on a site visit where a wood treatment facility was undergoing a lengthy clean-up process. Historically, with this type of contamination, the soil would be sent to be incinerated at one of two facilities, both over 800 miles away. However, chemical oxidation was used at this site to lower the pentachlorophenol (PCP) levels in contaminated soils to below hazardous waste levels. This method was used because it allowed the soil to be treated on-site so disposal could occur at a nearby landfill, thereby saving thousands of dollars in costs. Additional photos of this process are on the following page.

Fenton's Reagent application - hydrogen peroxide and sulfuric acid being applied by operator:



Carbon Carbon double bonds break as PCP begins to mineralize:



REVENUES AND EXPENDITURES FOR FISCAL YEAR 2007

REVENUES

ACRRA surcharge revenues totaled \$2,603,718. This figure reflects an increase in revenue of 2.5% from fiscal year 2006. Revenues exceeded expenditures by \$33,385.

The revenue stream continues to be stable in large part due to the last surcharge increase that began in calendar year 2002 and legislative changes that were implemented at that time.

There were no surcharge rate changes during this fiscal year. No rate changes are anticipated for fiscal year 2008. Surcharge rates by category are highlighted in the box below.

It is expected that revenues will remain relatively stable in the next year, barring economic changes in the agricultural industry.

FY 2007 ACRRA Surcharge Rates by Category	Rate
Commercial Pesticide Licenses	\$25
Structural Pest Control Licenses	\$100
Agricultural Fertilizer Licenses	\$50
Lawn Service - Fertilizer	\$50
Bulk Pesticide Dealer License	\$75
Fertilizer Tonnage	\$.30/Ton
Pesticide Registration (<i>% of Sales</i>)	0.3%

EXPENDITURES

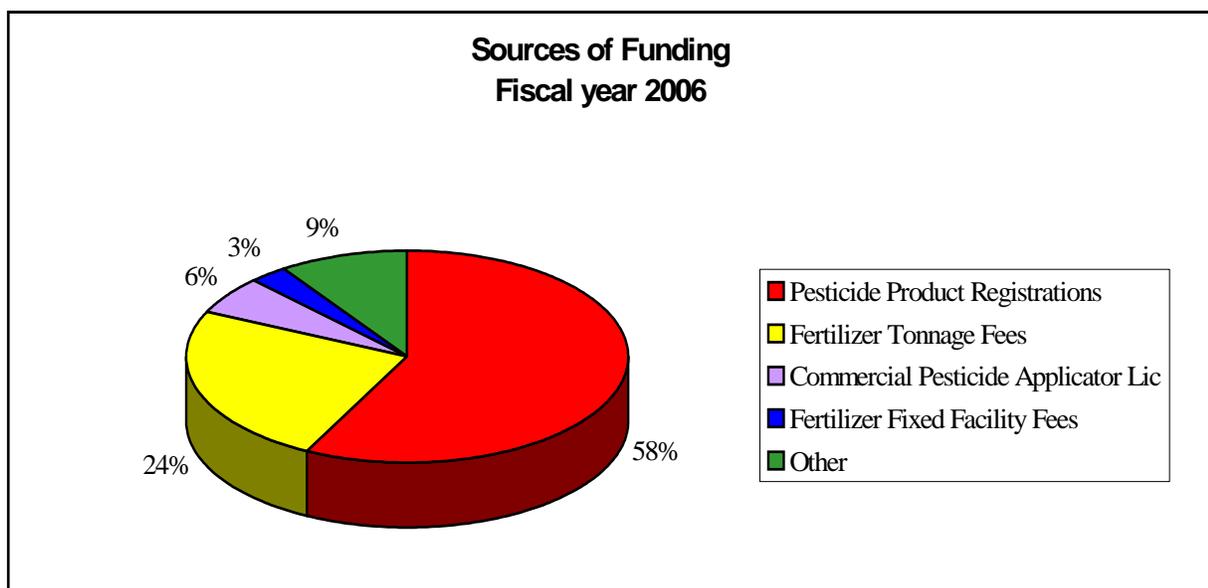
The ACRRA Board authorized reimbursement of 60 applications for agricultural chemical incident corrective action costs. Of the 60 applications 14 were new and 43 were subsequent. A total of \$2,391,048 in eligible costs were reimbursed. This is 62% more than the amount reimbursed in 2006. The average amount of individual authorized disbursements was \$29,320.86.

Minnesota Statute Chapter 18E was changed in 2005 to increase the amount allowable for program administration from \$175,000 to \$225,000 per year. This was the first increase of the administrative allowance since 1993. Board and staff administrative costs for this period totaled \$179,295, which is an 18% decrease from fiscal year 2006. Administrative costs were less than 10% of total program expenditures this year.

Administrative costs and disbursements equal total expenditures of \$2,570,333 for this period. Additional data on expenditures and revenues is shown in Table 1 on the next page.

MINNESOTA DEPARTMENT OF AGRICULTURE
AGRICULTURAL CHEMICAL RESPONSE AND REIMBURSEMENT ACCOUNT
STATEMENT OF REVENUES, EXPENDITURES & FUND BALANCE
For the fiscal years ended June 30,

	2007%	2007	2006	2005
REVENUE:				
Pesticide Product Registrations	58%	\$ 1,497,289	\$ 1,450,651	\$ 1,388,849
Fertilizer Tonnage Fees	24%	635,420	678,804	661,271
Commercial Pesticide Applicator Lic	6%	151,005	144,493	141,015
Fertilizer Fixed Facility Fees	3%	77,150	75,350	84,253
Other	9%			
Investment Earnings		132,644	97,249	41,687
Pesticide Dealer Storage License		48,825	48,925	16,875
Soil & Plant Amendment Tonnage Fees		3,265	0	0
Non-commercial Pesticide Appl Lic		29,595	29,275	29,765
Structural Pest Control Company Lic		13,550	11,350	5,450
Commercial Applicator - Aquatic		1,475	1,650	1,450
Specialty Fertilizer Tonnage Fees		13,500	0	0
Net revenues		2,603,718	2,537,747	2,370,615
EXPENDITURES:				
Reimbursement claims paid		2,391,048	1,475,189	1,971,566
Administrative expenditures		179,285	219,137	170,138
Total Expenditures		2,570,333	1,694,326	2,141,704
EXCESS OF REVENUE OVER EXPENDITURES		33,385	843,421	228,911
FUND BALANCE -- beginning of fiscal year		2,836,991	1,993,570	1,764,659
FUND BALANCE -- end of fiscal year		\$ 2,870,376	\$ 2,836,991	\$ 1,993,570





Agricultural Chemical Response Compensation Board

Sandra Gardner, Board Chair

*Representing agricultural chemical registrants and manufacturers
Syngenta Crop Protection, Inc.*

Tom Revier, Board Vice-Chair

*Representing farmers
Revier Farms*

Jeff Like, Board Member

*Representing agricultural chemical dealers
Chandler Cooperative*

Joel Fischer, Executive Director, PetroFund Program

*Delegate for Glen Wilson, Commissioner
Minnesota Department of Commerce*

Paul Strandberg, MDA Project Manager

*Delegate for Gene Hugoson, Commissioner
Minnesota Department of Agriculture*

Board Member Changes

Paul Strandberg is the new Commissioner of Agriculture Designee on the board, replacing Perry Aasness. Mr. Strandberg is a graduate of the University of Chicago Law School. He has a long history of service in the area of agriculture. He is a frequent speaker and consultant on agricultural law and policy issues, both in the U.S. and internationally.

Joel Fischer is the new Commissioner of Commerce Designee, replacing James Pearson. Mr. Fischer has significant experience working for the Department of Commerce and the Petrofund, as well as working for the Minnesota Pollution Control Agency.

Staff Changes

The Executive Director, Victoria Cook, has left MDA and Gary Braun, Operations Section Manager, Pesticide & Fertilizer Management, is interim ACRRA Executive Director.

Legislative Changes

The following legislative changes were made this period:

- An incident is defined under several statutes (MS §18B.01, 18C.005, 18D.01) as an event that “releases or immediately threatens to release” a substance into the environment. MS §18E.02, Subdivision 1. cites that definitions under these statutes apply to ACRRA. The change was made to add a definition under MS 18E that would use similar language, but excludes the “immediately threatens to release” portion.
- Incidents may occur by the transport of agricultural chemicals by common carriers, usually railroads or other motorized transport companies. The statute was changed to limit access to funding for incidents caused in transport by excluding these types of entities from eligibility.

Authority for the program is covered under Minnesota Statutes § 18E

and

Minnesota Rules, Chapter 1512.0100 – 1512.1100.