Legislative Fiscal Bureau
Fiscal Note

SF 2293 – Animal Agriculture (LSB 6912 SV)
Analyst: Deb Kozel (Phone: (515) 281-6767) (deb.kozel@legis.state.ia.us)
Fiscal Note Version - New
Requested by Senator Mark Zieman

Description

Senate File 2293 changes the regulations for animal feeding operations. The Bill creates the Animal Agriculture Compliance Fund that receives fee revenue from operators and is used for programs administered by the Department of Natural Resources. Appropriations from the State or federal government can be added to the Fund as well as private donations and fines collected from penalties.

Assumptions

1. The Bill requires animal feeding operations to pay an annual fee of $0.15 per animal unit to fund FTE positions for enforcement of the regulations outlined in the Bill. There are approximately 6.0 million animal units in the State that will generate $900,000 per year in fees. These fees will fund an additional 12.0 FTE positions within the Department of Natural Resources.
2. Animal feeding operations with more than 500 animal units are required to submit an annual manure management plan and pay a filing fee of $250. The average number of new plans received each year is 250 for a total of $63,000 in revenue.
3. Prior to construction, animal feeding operations with 1,000 or more animal units are required to obtain a construction permit. The cost of a construction permit is $250 and the average number of permits received each year is 50 for a total of $13,000 in revenue.
4. Fees will be charged for the certification of manure applicators. The proposed fee for a Confinement Site Applicator is $100 for a three-year period and the proposed fee for a commercial applicator is $200 per year. The current fee is $50. There are approximately 900 tests administered each year. Using the proposed fee amounts, the estimated revenue is $255,000 per year.
5. The Bill specifies fines collected for civil penalties are deposited into the General Account of the Animal Agriculture Compliance Fund. During FY 2001, there was $165,000 collected in fines related to animal feeding operations.
6. The Bill requires the Department of Natural Resources to conduct a comprehensive field study to monitor airborne pollutants emitted from animal feeding operations. The estimated cost to complete the study and to purchase equipment is $500,000.
7. The estimated cost of the manure applicator certification program is $160,000. This includes a contract with Iowa State University for $140,000 for educational programs and $20,000 for testing and other administrative expenses.
8. The Bill requires the Department to process manure management plans using electronic files. The estimated cost for development of an electronic system available on the Internet is $135,000.
9. The Bill requires the Department to complete comprehensive nutrient management strategy. The estimated cost is $250,000 each year for FY 2003 and FY 2004.
10. The Bill requires the Department to complete an assessment of nutrient control technologies. The estimated cost is $125,000 each year for FY 2003 and FY 2004.
11. The Bill requires the Department to develop water quality standards for phosphorus and complete a study that analyzes the effects of phosphorus originating from municipal and

industrial sources and from farm, lawn care, and garden uses on waterbodies in the State. The estimated cost for the standard development and completion of the study is $100,000 each year for FY 2003, FY 2004 and FY 2005.

12. The Bill requires manure management plans to include phosphorus application rates. The estimated cost to develop a phosphorus index, provide information to producers, and to review manure management plans is $200,000.
13. The Bill specifies monthly interest rate can be charged on delinquent fees or fines. The Department must use the current interest rate as published in the Iowa Administrative Bulletin.
14. The Bill specifies operations that pollute State waterbodies and kill wild animals are responsible for the cost of the wildlife replacement and for costs incurred during the investigation. Funds will be deposited into the Fish and Game Protection Fund.
15. The Bill establishes a Master Matrix Technical Advisory Committee to assist in the development of the master matrix.

Fiscal Impact

The total fiscal impact for Senate File 2293 is as follows:

	FY 2003	FY 2004	FY 2005	Subsequent Years
Revenue:				
Animal Agriculture Assessment Account				
Annual Animal Unit Fees	$ 900,000	$ 900,000	$ 900,000	$ 900,000
Manure Management Permits	62,500	62,500	62,500	62,500
Construction Permits	12,500	12,500	12,500	12,500
Certified Manure Applicators	255,000	255,000	255,000	255,000
Fines from Civil Penalties	165,000	165,000	165,000	165,000
Federal Funding -- Env. Protection Agency	475,000	475,000	100,000	0
Environment First Fund Appropriation	500,000	0	0	0
Total Revenue	**$ 2,370,000**	**$ 1,870,000**	**$ 1,495,000**	**$ 1,395,000**
FTES	**12.00**	**12.00**	**12.00**	**12.00**
Expenditures:				
Enforcement FTE positions	$ 900,000	$ 900,000	$ 900,000	$ 900,000
Air Monitoring Equipment/Study	500,000	0	0	0
Certified Manure Training/Contract With ISU	160,000	160,000	160,000	160,000
Online Manure Management Permits	135,000	135,000	135,000	135,000
Nutrient Management Standards	250,000	250,000	0	0
Nutrient Control Technologies	125,000	125,000	0	0
Water Quality Standards/Study	100,000	100,000	100,000	0
Manure Management Plan Review	200,000	200,000	200,000	200,000
Total Expenditures	**$ 2,370,000**	**$ 1,870,000**	**$ 1,495,000**	**$ 1,395,000**

Source

Department of Natural Resources

/s/ Dennis C Prouty

April 10, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.