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[HF 2581](#) – Agriculture Omnibus (LSB5280HW.1)  
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Fiscal Note Version – Final Action

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**Description**

[House File 2581](#) relates to various programs within the Iowa Department of Agriculture and Land Stewardship (IDALS). **Table 4**, at the end of this **Fiscal Note**, summarizes the fiscal impacts of the various Bill divisions.

**Division I — Choose Iowa Promotional Program**

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**Description**

Division I establishes the Choose Iowa Promotional Program and the Choose Iowa Fund within the IDALS. The Program is designed to advertise and market food produced in Iowa. Under the Bill, the IDALS may create a Choose Iowa logo to identify foods produced in Iowa and may enter into licensing agreements with participants in the Program. The IDALS may establish by administrative rule criteria to participate in the Program and set a licensing fee for participants.

The Division also creates the Choose Iowa Fund under the management of the IDALS. The Fund will include moneys collected from Choose Iowa licensing fees, moneys appropriated to the Choose Iowa Promotional Program by the General Assembly, and other funds accepted by the IDALS from public or private sources for the Program. All moneys in the Fund are appropriated to the IDALS and will be used to administer the Choose Iowa Promotional Program.

**Assumptions**

The IDALS may establish a licensing fee for the Choose Iowa Promotional Program, but the fee level and demand for the Program cannot be estimated at this time.

**Fiscal Impact**

The fiscal impact of Division I cannot be determined because future program participation and fee levels are unknown.

[House File 2560](#) (Agriculture and Natural Resources Appropriations Bill) makes a General Fund appropriation of \$500,000 to the Choose Iowa Fund created in this Division.

**Division II — Regulation of Pesticides**

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**Description**

Division II changes the registration fee for pesticides from 0.2% of gross sales within the State, with a minimum fee of \$250 and a maximum fee of \$3,000, to a flat fee of \$300 for each pesticide brand and grade to be sold.

**Background**

All pesticides distributed, sold, or offered for sale in Iowa must be registered with the IDALS. The current pesticide registration fee is 0.2% of gross sales within the State, with a minimum fee of \$250 and a maximum fee of \$3,000 for each pesticide. Some pesticides are exempt from the

registration fee under administrative rule adopted by the IDALS in [21 IAC 45.3](#). Pesticides may be exempt from the registration fee for the following reasons:

- The pesticide was registered in the previous year, total annual sales in Iowa were below \$20,000, and no similar pesticides are registered in the State.
- The pesticide product is formulated or comprised of naturally occurring substances with an oral LD50 toxicity of 5,000 milligrams per kilogram or greater.
- Pesticides registered under the authority of Section 18 of the [Federal Insecticide, Fungicide, and Rodenticide Act \(FIFRA\)](#) for emergency, crisis, or public health quarantine situations, when the Secretary of Agriculture initiates the application.
- Pesticides registered under the authority of Section 24(c) of FIFRA when the Secretary of Agriculture initiates the application.

No pesticides were granted emergency exemptions in Iowa during FY 2021.

Fifty dollars from each fee is deposited into the General Fund, and the remaining funds are placed in the Agriculture Management Account of the Groundwater Protection Fund (GWPF). Historical data from FY 2016 to FY 2021, including the total number of registered pesticide products and total revenue collected from fees, is shown in **Table 1**.

**Table 1 — Pesticide Fee Revenues and Registrations**

|         | Registered<br>Products | Total Revenue |
|---------|------------------------|---------------|
| FY 2016 | 12,876                 | \$ 4,113,133  |
| FY 2017 | 13,128                 | 4,121,335     |
| FY 2018 | 12,652                 | 3,966,348     |
| FY 2019 | 13,683                 | 4,324,860     |
| FY 2020 | 13,570                 | 4,246,065     |
| FY 2021 | 16,591                 | 4,467,481     |

**Assumptions**

- Division II has no effect on General Fund revenue, as \$50 from each \$300 fee will still be deposited into the General Fund.
- FY 2021 is an outlier, as the number of registered products was 26.0% higher than the average number of registered products from FY 2016 to FY 2020. Because FY 2021 is an outlier, two potential fiscal impacts are reported, one assuming an average of registrations from FY 2016 to FY 2020 and one assuming registrations similar to FY 2021.
- The effect of Division II on the GWPF is calculated using data from previous years and shown in **Table 2**.
- The IDALS does not have data available on the total number of registered products exempt from fees each year but estimates the total is approximately 400. The estimated number of nonexempt registered products and the average fee on nonexempt products under the current fee are calculated assuming 400 registered products are exempt from fees each year, including FY 2021. It is possible the number of exempt products in FY 2021 was higher than prior years, given that in FY 2021, a noticeably higher number of products were registered. Iowa did not have any products granted exemptions under Section 18 of FIFRA in FY 2021, so an increase in exempt products could not be attributed to exemptions due to the COVID-19 pandemic. The IDALS identified no other reasons to assume the number of

exempt products was higher in FY 2021. The implications of this assumption are noted with the fiscal impact.

- The estimated total revenue under the \$300 fee and the estimated effect on the GWPF are also shown in **Table 2**.

**Table 2 — Fiscal Impact of Division II on GWPF Based on Previous Years**

|         | Registered Products | Total Revenue Under Current Fee | Estimated Nonexempt Registered Products | Average Fee on Nonexempt Products | Estimated Revenue Under \$300 Fee | Estimated Gain/Loss to GWPF Under \$300 Fee |
|---------|---------------------|---------------------------------|---|-----------------------------------|-----------------------------------|---|
| FY 2016 | 12,876              | \$ 4,113,133                    | 12,476                                  | \$ 330                            | \$3,742,800                       | \$ -370,333                                 |
| FY 2017 | 13,128              | 4,121,335                       | 12,728                                  | 324                               | 3,818,400                         | -302,935                                    |
| FY 2018 | 12,652              | 3,966,348                       | 12,252                                  | 324                               | 3,675,600                         | -290,748                                    |
| FY 2019 | 13,683              | 4,324,860                       | 13,283                                  | 326                               | 3,984,900                         | -339,960                                    |
| FY 2020 | 13,570              | 4,246,065                       | 13,170                                  | 322                               | 3,951,000                         | -295,065                                    |
| FY 2021 | 16,591              | 4,467,481                       | 16,191                                  | 276                               | 4,857,300                         | 389,819                                     |

**Fiscal Impact**

The fiscal impact of the fee change in Division II is dependent on the total number of nonexempt registered products and the sales of those products. If future registrations are similar to FY 2021, HF 2581 is estimated to increase fees deposited into the GWPF by \$390,000, but if future registrations are more similar to preceding years, HF 2581 is estimated to decrease fees deposited into the GWPF by \$320,000. **Table 3** provides a summary of this result.

**Table 3 — Estimated Revenue Change to GWPF Under Division II**

|                         | Registrations Similar to FY 2016 to FY 2020 | Registrations Similar to FY 2021 |
|-------------------------|---|----------------------------------|
| Change in GWPF Deposits | \$ -320,000                                 | \$ 390,000                       |

It should be noted that the number of registered products in FY 2021 was noticeably higher than in the preceding years. It is possible that a relatively higher number of exempt products were registered in FY 2021. If more exempt products were registered in FY 2021 relative to prior years, the estimated gain to the GWPF in FY 2021 would decrease. For example, if 1,700 products were exempt from fees in FY 2021, the effect of Division II on the GWPF would be net neutral, and if more than 1,700 products were exempt from fees in FY 2021, the impact would be negative.

**Division III — Regulation of Motor Fuels**

**Description**

Division III raises the minimum octane rating for premium grade gasoline from 90 to 91; eliminates the requirement that a motor fuel dispenser be labeled with a decal that indicates that the dispenser dispenses E-10, E-15, or biodiesel blended fuel; and makes other nonsubstantive changes to Iowa Code chapter [214A](#).

**Fiscal Impact**

This Division is not projected to have a fiscal impact.

**Division IV — Iowa Sheep and Wool Promotion Board**

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**Description**

Division IV changes membership requirements of the Iowa Sheep and Wool Promotion Board from by-district to at-large. Under current law, the nine-member Board must have one member from each of the [USDA crop reporting districts](#). Division IV removes this requirement.

**Fiscal Impact**

This Division is not projected to have a fiscal impact.

**Division V — Local Food and Farm Program**

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**Description**

Division V modifies the Local Food and Farm Program. The Division changes the membership composition of the Local Food and Farm Program Council overseeing the Program and expands the types of projects that may be funded by the Program.

**Fiscal Impact**

This Division is not projected to have a fiscal impact.

**Summary of HF 2581 Fiscal Impact**

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Table 4 includes a summary of the fiscal impacts for each division of the Bill:

**Table 4 — Estimated Summary of Fiscal Impacts for HF 2581**

| <b>Division</b> | <b>Fiscal Impact</b>   |
|-----------------|--|
| I               | The fiscal impact of the Choose Iowa Promotional Program cannot be determined at this time.  |
|                 | House File 2560 makes a General Fund appropriation of \$500,000 to the Choose Iowa Fund created in this Division.  |
| II              | An increase of revenue deposited in the GWPF of \$390,000 if future registrations are similar to FY 2021 and 400 exempt products are registered each year, <b>or</b> |
|                 | A decrease of revenue deposited in the GWPF of \$320,000 if future registrations are similar to the average of FY 2016 to FY 2020.                                   |
| III             | No fiscal impact.  |
| IV              | No fiscal impact.  |
| V               | No fiscal impact.  |

**Source**

Iowa Department of Agriculture and Land Stewardship

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/s/ Holly M. Lyons

June 24, 2022

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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