

**House File 2296 - Introduced**

HOUSE FILE 2296

BY BYRNES

**A BILL FOR**

1 An Act imposing a fee on certain fertilizers to be credited to  
2 the water quality initiative fund.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 200.8, subsection 4, Code 2016, is  
2 amended to read as follows:

3 4. In addition to the fees imposed under subsection 1, a  
4 groundwater protection fee and water quality initiative fee  
5 shall be imposed upon nitrogen-based fertilizer. ~~The~~ Each fee  
6 shall be based upon the percentage of actual nitrogen contained  
7 in the product. An eighty-two percent nitrogen solution shall  
8 be taxed at a rate of seventy-five cents per ton. Other  
9 nitrogen-based product formulations shall be taxed on the  
10 percentage of actual nitrogen contained in the formulations  
11 with the eighty-two percent nitrogen solution serving as the  
12 base. ~~The~~ Each fee shall be paid to the secretary by each a  
13 licensee registering to sell fertilizer ~~to the secretary of~~  
14 agriculture pursuant to section 200.5. The fees collected  
15 by the secretary under this subsection shall be ~~deposited~~  
16 ~~in the agriculture management account of~~ credited to the  
17 groundwater protection fund or the water quality initiative  
18 fund in the manner described in section 200.9. The secretary  
19 ~~of agriculture~~ shall adopt rules for the payment, filing, and  
20 collection of ~~groundwater protection~~ the fees from paid by  
21 licensees in conjunction with the collection of registration  
22 and inspection fees paid by persons under subsection 1. The  
23 secretary shall, by rule, allow an exemption ~~to~~ from the  
24 payment of ~~this fee~~ the groundwater protection fee and water  
25 quality initiative fee for fertilizers which contain trace  
26 amounts of nitrogen.

27 Sec. 2. Section 200.9, Code 2016, is amended to read as  
28 follows:

29 **200.9 Fertilizer Use of fees.**

30 1. Fees collected by the secretary for licenses and  
31 inspection fees under sections 200.4 and 200.8, ~~with~~  
32 ~~the exception of those fees collected for deposit in the~~  
33 ~~agriculture management account of the groundwater protection~~  
34 ~~fund~~, shall be deposited in the general fund of the state  
35 and shall be subject to the requirements of section 8.60.

1 Moneys deposited under this section to the general fund shall  
2 be used only by the ~~department~~ secretary for the purpose of  
3 inspection, sampling, analysis, preparation, and publishing  
4 of reports and other expenses necessary for administration of  
5 this chapter. The secretary may ~~assign~~ allocate moneys to  
6 the Iowa agricultural experiment station for research, work  
7 projects, and investigations as needed for the specific purpose  
8 of improving the regulatory functions for enforcement of this  
9 chapter.

10 2. Notwithstanding subsection 1, the groundwater protection  
11 fee collected by the secretary pursuant to section 200.8,  
12 subsection 4, shall be credited to the agriculture management  
13 account of the groundwater protection fund created pursuant to  
14 section 455E.11, subsection 2, paragraph "b". The water quality  
15 initiative fee collected by the secretary pursuant to section  
16 200.8, subsection 4, shall be credited to the water quality  
17 initiative fund created pursuant to section 466B.45.

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with  
20 the explanation's substance by the members of the general assembly.

21 BILL. This bill provides that the groundwater protection  
22 fee imposed on the sale of nitrogen-based fertilizer and  
23 credited to the agriculture management account of the  
24 groundwater protection fund would have a counterpart (water  
25 quality initiative fee). The new fee would be imposed on the  
26 same basis as the groundwater protection fee but would be  
27 credited to the water quality initiative fund.

28 BACKGROUND — FEES ON FERTILIZERS AND SOIL CONDITIONERS.  
29 Each brand and grade of a commercial fertilizer or soil  
30 conditioner must be registered with the department of  
31 agriculture and land stewardship headed by the secretary of  
32 agriculture (secretary) (Code section 200.5). A person who  
33 is engaged in the manufacture or sale of fertilizers and soil  
34 conditioners must obtain an annual license, register each  
35 fertilizer or soil conditioner, and pay the associated fees

1 which are collected by the secretary (Code sections 200.4(1)  
2 and 200.8(1)) and deposited into the general fund of the state  
3 but are reserved for use by the secretary in administering  
4 and enforcing regulations applying to fertilizers and soil  
5 conditioners (Code sections 8.60 and 200.9). In addition  
6 to fees reserved for use by the secretary, a nitrogen-based  
7 fertilizer fee (groundwater protection fee) is required to be  
8 paid by each licensee registering to sell fertilizer in this  
9 state. Those fees are credited to the agriculture management  
10 account of the groundwater protection fund to support projects  
11 and programs designed to protect groundwater resources (Code  
12 sections 200.9 and 455E.11(2)(b)).

13 BACKGROUND — WATER QUALITY INITIATIVE FUND. The water  
14 quality initiative fund is created in the state treasury under  
15 the management of the soil conservation and water quality  
16 division of the department (Code section 466B.45). The purpose  
17 of the initiative fund is to support and administer projects to  
18 reduce nutrients in surface waters from nonpoint sources in a  
19 scientific, reasonable, and cost-effective manner (Code section  
20 466B.42).