Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. S.B. 309 of the 129th G.A. **Date**: June 21, 2012

Status: As Passed by the House **Sponsor**: Sen. Hite

Local Impact Statement Procedure Required: No

Contents: Establishes requirements for creating agricultural commodity marketing agreements and specifies rulemaking requirements concerning anhydrous ammonia fertilizer

State Fiscal Highlights

- The bill establishes requirements and procedures that agricultural producers must follow in order to create voluntary marketing agreements for their goods. The bill gives the Ohio Department of Agriculture oversight over these agreements.
- The bill requires producers belonging to a marketing agreement to reimburse the Department of Agriculture for the cost incurred in overseeing these marketing agreements. However, the bill caps the amount that the Department may collect annually at 10% of the total amount a commodity marketing board receives in assessments paid by participating members.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill establishes procedures that agricultural producers must follow in order to create voluntary agricultural commodity marketing agreements. Under these types of agreements, which are authorized by statute in various states, as well as nationally under the Agricultural Marketing Agreement Act of 1937,[1] a board of directors oversees a group of participating producers that pledges to follow particular growing and handling practices to ensure food safety, adhere to branding guidelines adopted by the board, and pay assessments that the board determines necessary to maintain the requirements specified in the commodity marketing agreement. If a group of agricultural producers intends to form a marketing agreement, the bill requires the group to submit a fee of $500 or other amount determined necessary by the Ohio Department of Agriculture (ODA). This fee is to cover the cost of notifying other producers via regular mail and public notice of the proposed agreement, and of holding a public meeting related to the agreement.

The bill specifies ODA's responsibilities in overseeing these agreements. Specifically, these responsibilities include (1) approving or terminating marketing agreements, (2) entering and inspecting the operations of a producer that signed a marketing agreement to ensure compliance with the agreement, and (3) imposing civil penalties against a producer that is violating terms of a marketing agreement. In addition, the bill requires that the boards established to govern these marketing agreements reimburse ODA on an annual basis for the state's oversight costs, but caps the amount at ten per cent of the total amount of money collected annually by the board of directors from producers that subscribe to a particular marketing agreement. The bill does not specify the state fund into which these amounts are to be deposited.

The bill also revises ODA's rulemaking authority concerning anhydrous ammonia and the systems and equipment used to handle and store this type of fertilizer. Specifically, the bill requires the Director to adopt rules regarding the design, construction, location, installation and operation of anhydrous ammonia systems designed for agricultural use. Any additional costs the Pesticide and Fertilizer Regulation Section within ODA's Division of Plant Health would incur for making these rules will depend on the scope of the rules, but would likely be minimal at most.

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[1] The Agricultural Marketing Agreement Act of 1937 is administered by the U.S. Department of Agriculture. Marketing agreements overseen by the federal agency cover dairy products and 23 types of fruits, vegetables, and nuts.