



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: S.B. 309 of the 129th G.A.

Date: April 18, 2012

Status: As Reported by Senate Agriculture,
Environment & Natural Resources

Sponsor: Sen. Hite

Local Impact Statement Procedure Required: No

Contents: Establishes requirements for creating agricultural commodity marketing agreements

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 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 Department of Agriculture. 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 the Department of Agriculture'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 the Department of Agriculture 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.

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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.