

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6733

BILL NUMBER: HB 1284

NOTE PREPARED: Jan 5, 2010

BILL AMENDED:

SUBJECT: Seed law.

FIRST AUTHOR: Rep. Lehe

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Labeling.* This bill establishes seed labeling requirements for cool season lawn and turf grasses. The bill provides for different labeling requirements for vegetable seeds based on how the seeds are sold. The bill prohibits (1) using relabeling stickers that do not contain certain information, and (2) relabeling a seed lot using stickers more than once.

Special Use Permit. The bill allows the Seed Commissioner to issue a special use permit to use a prohibited noxious weed seed or a restricted noxious weed seed for purposes of research, development, production, or education.

Seed Inspection Fees. It increases seed inspection fees. It also establishes a minimum inspection fee.

Reporting Requirements and Paying Fees. It reduces the number of sales reports that must be filed each year. The bill establishes a minimum penalty for failure to file reports and pay fees.

Effective Date: July 1, 2010; January 1, 2011.

Explanation of State Expenditures: *Special Use Permit.* The bill provides that the State Seed Commissioner must issue a written special use permit to a person to use a prohibited noxious weed seed or a restricted noxious weed seed for purposes of research, development, production, or education. The Seed Commissioner may grant a special use permit, condition a special use permit, or deny a special use permit. The Seed Commissioner may revoke a special use permit at any time if it appears the permit holder is not complying with the conditions established under the special use permit. This provision should have no significant impact.

Labeling. The bill provides that for cool season lawn and turf grasses, certain information must be on the label. For vegetable seeds in packets as prepared for use in home gardens or household plantings or vegetable seeds in preplanted containers, mats, tapes, or other planting devices in containers that do not exceed one pound, the bill specifies that the labeling must include certain information. For vegetable seeds sold in containers that are more than one pound, the labeling must include certain information. This provision should have no significant impact.

Explanation of State Revenues: *Seed Inspection Fees.* The bill increases seed inspection fees which are used to defray the costs of inspection, analysis, publication, and other expenses incurred by the State Seed Commissioner in overseeing the seed industry. Currently, the seed inspection fees generate \$597,000. The proposed inspection fee increases will generate \$900,000 for an increase of \$300,000. Fee revenue is deposited in the State Chemist Seed Account.

The bill also provides that a person who distributes vegetable seeds in packets used in home gardens or household plantings; or preplanted containers, mats, tapes, or other planting devices in containers of not more than one pound; must pay an annual fee of \$200. Currently, distributors are charged \$1.50 per display rack. The annual fee is designed to generate the same amount of revenue that was generated by the \$1.50 per display fee.

Reporting Requirements and Paying Fees. Under existing law, the report of sales is due and inspection fees are payable quarterly. If the report is not filed and the inspection fee not paid before 10 days, or the report of volume is false, or labeling requirements have not been complied with, the Seed Commissioner may revoke the permit. If inspection fees are unpaid after the 10-day grace period, a penalty must be assessed in the amount of 10% in addition to the amount due.

The bill provides that the report and inspection fees are payable semiannually. The penalty for failure to file or failure to pay inspection fees within 15 days following the due date, is the greater of \$50 or 10% of the amount due.

These changes should not have a significant impact. In the past, the Seed Commissioner has rarely revoked a permit. Additionally, decreasing the number of required reports from four to two and decreasing the number of times fees must be paid could also decrease delinquencies. Seeds are generally sold in bulk twice a year. If a distributor does not sell seeds during a particular quarter, under existing law, the distributor would still be required to report.

Penalties collected are deposited in the State Chemist Seed Account.

Special Use Permit–Violations. A person may not distribute noxious weed seed without a special use permit issued by the seed commissioner. A person may not use relabeling stickers without having:

- (A) both the calendar month and year the germination test was completed and the sell-by date required; and
- (B) the lot number that matches the existing original lot number.

A person may not relabel a seed lot using stickers more than once.

Violators commit a Class C infraction. The maximum judgment for a Class C infraction is \$500, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Special Use Permit–Violations*. If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected: State Seed Commissioner at Purdue University

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: John Baugh, Director, Agriculture Services and Regulations, Purdue University, Office of the Dean of Agriculture, AGAD Building, 615 W. State Street, West Lafayette , IN 47907-2053, 765.427.5063.

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