

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 688 (First Edition)

SHORT TITLE: Turfgrass Fertilizer Assessment

SPONSOR(S): Representatives Gibson, Warwick, Weatherly, et al.

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES					
Departmental Receipts	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
EXPENDITURES					
Department of Ag. & Consumer Services	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Turfgrass Council	\$352,500	\$352,500	\$352,500	\$352,500	\$352,500
Ag. Foundation	\$1,057,500	\$1,057,500	\$1,057,500	\$1,057,500	\$1,057,500
POSITIONS:	No estimate available				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Agriculture and Consumer Services; Turfgrass Council of North Carolina, Inc.; North Carolina Agricultural Foundation, Inc.					
EFFECTIVE DATE: The initial appointments to the Turfgrass Funding Committee shall be made no later than October 1, 2001. G.S. 106-832(d) in Section 1 of the bill (penalty) is effective July 1, 2002 and applies to unpaid assessments and resulting penalties that accrue on or after that date. The remainder of this act becomes effective July 1, 2001, and applies to turfgrass fertilizer sold on or after that date.					

BILL SUMMARY: The bill authorizes a \$5 per ton assessment on turfgrass fertilizer sold in North Carolina. The Department of Agriculture and Consumer Services will collect the assessment and retain 6% for administrative costs. From the balance of the assessment revenue, 75% will be distributed to the North Carolina Agricultural Foundation, Inc. and 25% will be given to the Turfgrass Council of North Carolina, Inc. A Turfgrass Funding Committee will be created to approve all disbursements of funds from assessments.

ASSUMPTIONS AND METHODOLOGY:

Revenue

Opinions vary on the tonnage of turfgrass fertilizer used in North Carolina each year. The lowest estimate is from an official with the Department of Agriculture and Consumer Services' Plant Industry Division who estimates that turfgrass fertilizer is 10% of the projected 1 million tons of fertilizer sold in the state each year. (100,000 tons) A joint study by two professors from the North Carolina Agricultural Research Service and NCSU's Soil Science Department estimates that 129,058 tons of turfgrass fertilizer is applied to 483,873 acres each year based on 1996 satellite data of the state's land cover. However, the fertilized acreage in the university study is approximately one fourth of the 2,007,100 turf acres reported in the 1994 North Carolina Turfgrass Survey produced by the Department of Agriculture and Consumer Services. Using the 1994 Turfgrass Survey, the Turfgrass Council of North Carolina estimates 536,000 tons of turfgrass fertilizer is used each year.

This fiscal note will not judge who has the most accurate tonnage estimate, but will use an approximate midpoint of the three estimates of 300,000 tons per year. An assessment of \$5 per ton on 300,000 tons will yield \$1.5 million a year. Shipments of all types of fertilizer in the state have fallen 11% a year since 1997 according to data from the Department of Agriculture and Consumer Services. However, this fiscal note will not assume a change in tonnage used due to the lack of specific data on turfgrass fertilizer.

Expenditures

House Bill 688 directs that the revenue generated from this assessment, less 6% for administrative costs incurred by the Department of Agriculture and Consumer Services (DACS), be divided as follows: 75% to the North Carolina Agriculture Foundation, Inc. and 25% to the Turfgrass Council of North Carolina, Inc.

North Carolina Agricultural Foundation, Inc. – Located in North Carolina State University's College of Agriculture and Life Sciences, this organization was created in 1944 to support agricultural research, extension, and teaching activities at the University. A 149-member Board of Directors, representing all 100 counties in the state, plus 48 agribusiness representatives, guides the Foundation. House Bill 688 directs that the Foundation use proceeds from the proposed turfgrass assessment for research concerning turfgrass production and maintenance.

The Foundation currently receives a voluntary assessment of \$0.15 per ton on mixed fertilizers for the "Nickels for Know-How" Program. This assessment provides funds to supplement the Foundation's agricultural research programs and publication of research. The proposed assessment in House Bill 688 will provide the Foundation with funds to conduct similar research that will be focused specifically on turfgrass promotion and maintenance.

Turfgrass Council of North Carolina, Inc. – The Turfgrass Council of North Carolina, Inc. promotes the entire North Carolina turfgrass industry, encourages and supports research extension and teaching programs in turf, encourages student interests in turf, and disseminates information about the turf industry. The proposed assessment in House Bill

688 will provide funds to the Council for promoting turfgrass and its uses, consistent with its mission.

6% Administrative Costs for DACS- House Bill 688 provides for a 6% administrative cost to the Department of Agriculture and Consumer Services (DACs) for collection of the \$5.00/ton assessment. It is anticipated that, given the range of revenue generated by this assessment, that a 6% payment for administrative costs would be sufficient to cover expenses of the Department.

TECHNICAL CONSIDERATIONS: The proposed GS 106-833 is not clear on the type of account the assessments will be deposited and the frequency of payments to the Turfgrass Council of North Carolina, Inc. and the North Carolina Agricultural Foundation, Inc. The proposed GS 106-834 does not explain who will pay for the expenses of the Turfgrass Funding Committee.

FISCAL RESEARCH DIVISION 733-4910

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DATE: April 6, 2001



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