

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1103 (Second Edition)

SHORT TITLE: Update Seed Law/Increase Seed License Fees.

SPONSOR(S): Representative Hill

FISCAL IMPACT (\$)					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES					
NC Department of Agriculture and Consumer Services	\$70,039	\$70,039	\$70,039	\$70,039	\$70,039
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Department of Agriculture and Consumer Services					
EFFECTIVE DATE: October 1, 2009					

BILL SUMMARY:

House Bill 1103 makes several changes to the NC Seed Law.

Section 1 amends G.S. 106-277 to delete regulation of "screenings" from the law. Screenings are seed, inert matter, and other materials removed from seeds by cleaning or processing.

Section 2 of the bill amends the definitions section by replacing the term "processing" with the term "conditioning", meaning the cleaning, scarifying or blending to obtain uniform quality or other operations that would change the seed such that retesting is required to determine the quality of the seed. Agricultural seeds that are sold, transported for sale, or otherwise distributed must be labeled with certain information.

Section 3 amends the labeling statute by changing the lot identification requirement to "lot number."

Section 4 changes the label requirements for vegetable seeds in containers of one pound or less. The changes include deleting the requirement to include the origin of pepper seed and including a lot identification and information regarding "Packed" or "Sell By" date or germination rate and month and year the test was completed.

Section 5 changes the label requirements for vegetable seeds in containers of more than one pound by deleting a requirement to include origin of pepper seed and by clarifying that labels should contain lot identification.

Section 6 amends G.S. 106-277.9, which sets out prohibited acts with regard to seeds. It changes the time frames in which the germination tests must be conducted on different types of seeds. Germination tests on agricultural seed must be completed within a nine-month period immediately prior to sale or offering for sale. Germination tests on cool season lawn seeds or mixtures of such seeds must be completed within a 15-month period and vegetable seed within a 12-month period. The changes also delete the requirement for public hearing to designate a longer time period and eliminate the treatment requirements for pepper seed.

Sections 7 and 8 amend G.S. 277.10, Exemptions. G.S. 106-277.10(c) is amended by changing the requirements on lot identification for labels for peanuts, cotton and tobacco seed to "lot number." Subsection (d) is amended by deleting the term "processing" and substituting the term "conditioning" as per the change in definitions in Section 2 of the bill.

Section 9 amends G.S. 106-277.23, Notice of violations, and **Section 10** amends G.S. 106-277.25 by deleting the term "screenings" consistent with the changes made in Section 1 of the bill that eliminates screenings from the Seed Law.

Section 11 amends G.S. 106-277.28 to change the license fees for various categories of seed dealers. Wholesale or combined wholesale retail dealers increase from \$100 to \$125. The license fee structure for retail seed dealers by level of sales is eliminated and replaced by a single license, Retail Seed Dealer, with a license fee of \$30. The fees previously ranged from \$5 to \$25. These fees were last increased in 1988.

*Source: Adopted from the Bill Analysis done by the Committee Counsel to House Finance
05/20/2009*

ASSUMPTIONS AND METHODOLOGY:

House Bill 1103 makes several changes to NC Seed Law. As outlined, the bill revises definitions and text in order to bring NC Seed Law in compliance with industry standard language. These changes include increasing the testing period for vegetable seed from nine to 12 months and providing related language to be used by the industry in seed packaging. The bill extends the testing required for cool season lawn seeds from nine to 15 months. According to the NC Department of Agriculture and Consumer Services, these extensions will not have any direct measurable impact on operating expenses.

House Bill 1103 increases licensing fees for wholesale or combines wholesale retail seed dealers from \$100 to \$125. According to the NC Department of Agriculture and Consumer Services, there are approximately 160 wholesale or combined wholesale retail seed dealers and this number remains fairly constant over time. The number of wholesale dealers multiplied by the \$25 fee increase results in the increase in revenues due to this change. This will result \$4000 revenue increase for Fiscal Year 2009-10.

House Bill 1103 consolidates the three categories of retail seed dealers into one group that pays a licensing fee of \$30. The previous licensing fees ranged between \$5 and \$25. The NC Department of Agriculture and Consumer Services estimates that this change will impact 4,119 individuals.

This number is expected to remain roughly constant in the future. Based on previous collections from this group, NCDA&CS estimates that this change will result in a \$66,039 revenue increase for FY 2009-10. All together, the license fee changes result in a total revenue increase of \$70,039.

SOURCES OF DATA: NC Department of Agriculture & Consumer Services

TECHNICAL CONSIDERATIONS: None

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