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Agricultural Chemical Response and Reimbursement Account (ACRRA)

Annual Report



December 1, 2008

Rushford Flood, 2007

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Executive Summary

The Agricultural Chemical Response and Reimbursement Account (ACRRA) was created as part of the 1989 Minnesota Comprehensive Ground Water Protection Act to provide financial assistance for cleaning up agricultural chemical contamination. ACRRA funds are administered by the Agricultural Chemical Response Compensation Board (Board), which consists of representatives from the agricultural industry as well as the Commissioners of Agriculture and Commerce.

Over its 19 year history, the ACRRA Program has disbursed over \$28 million to cover eligible corrective action costs at over 450 incident sites.

In Fiscal Year 2008 (FY08), the Commissioner of Agriculture received ACRRA surcharge revenues totaling \$2,908,197.

The Board met six times during the year approving payments for 31 applications for reimbursement and one (1) application for payment. FY08 ACRRA disbursements totaled \$1,211,216.

The number of applications received during FY08 was down approximately 50% from FY07. One reason for this is MDA has reduced Incident Response staff and the staff spent a greater proportion of time on non-ACRRA sites. The average disbursement increased by 23% over FY07.

After evaluating current revenues, current and projected expenditures, and estimated future revenues for the program, there are no planned surcharge changes for the next fiscal year.

A change was made to the ACRRA Law (Minnesota Statute Chapter 18E) during a Special Legislative Session in the fall of 2007 to waive the \$1,000 deductible and reimburse applicants at 100% of incurred costs for contamination investigations and cleanups related to the 2007 flooding in southeastern Minnesota. One applicant applied and was reimbursed \$65,705 for flood related costs. The photo on the cover of this Annual Report is of that facility in Rushford, Minnesota.

Introduction

ACRRA was created as part of the 1989 Minnesota Ground-Water Protection Act to provide financial assistance for cleanups of agricultural chemical contamination. Contamination may occur suddenly, such as in a fire or transportation accident, or a site can be contaminated by agricultural chemicals over time. The program is funded through annual surcharges on pesticide and fertilizer sales, and on applicator and dealer licenses.

ACRRA funds are administered by the Agricultural Chemical Response Compensation Board. The five-member board consists of representatives from agricultural chemical registrants, manufacturers/dealers, farmers, and the Commissioners of Agriculture and Commerce.

The Board determines the eligibility of applicants and whether costs submitted are eligible, reasonable, and necessary. Eligibility requires that the Minnesota Department of Agriculture (MDA) receives proper notice of an agricultural chemical incident, and corrective action requirements must be met.

The ACRRA Program is administered using MDA staff funded with an annual appropriation from the fund. Duties performed by the staff include: reviewing applications, making funding recommendations to the board based on statute and rule, fund financial forecasting, developing legislative initiatives, coordinating activities with the MDA Incident Response Program, and outreach.

Background

Over its 19 year history, the ACRRA program has disbursed over \$28 million to cover eligible corrective action costs at over 450 incident sites. Sites funded included abandoned agricultural facilities, emergency response to incidents (such as the flood in Rushford), and other releases of agricultural chemicals.

ACRRA staff has assisted the State of Minnesota in maintaining a clean environment by administering this program to help defray some of the cost of cleaning up agricultural chemical spills. Oversight of the corrective actions taken to clean up contamination is the responsibility of the MDA Incident Response Unit.

The photo on the front cover was taken by Incident Response staff while responding to the Southeastern Minnesota flood in August, 2007.

Financial Report

REVENUES:

Fiscal Year 2008 ACRRA surcharge revenues totaled \$2,908,197.

Revenue continues to be stable for the account and is expected to remain stable barring any major changes in the agricultural industry. Therefore, there are no surcharge or fee increases planned or proposed for Fiscal Year 2009. Surcharges by category are highlighted below:

FY 2008 ACRRA Surcharge Category	Surcharge
Commercial Pesticide Licenses	\$25
Structural Pest Control Company Licenses	\$100
Agricultural Fertilizer Licenses	\$50
Lawn Service - Fertilizer	\$50
Pesticide Dealer License	\$75
Fertilizer Tonnage	\$.30/Ton
Pesticide Registration (<i>% of Sales</i>)	0.3%
Out-of-State Pesticide Distributors (each site)	\$3,000

EXPENDITURES:

The ACRRA Board approved 32 applications. Of the 32 applications; 10 were initial and 22 were supplemental.

Eligible reimbursement costs of \$1,211,216 were reimbursed. Board and staff administrative costs were \$171,744. Total expenditures for the period were \$1,382,960.

Detailed data on expenditures and revenues is shown on the next page.

Statement of Revenues and Expenditures

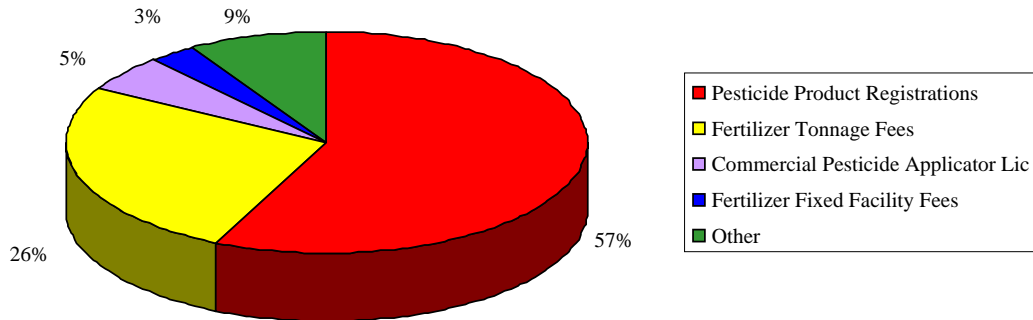
**MINNESOTA DEPARTMENT OF AGRICULTURE
AGRICULTURAL CHEMICAL RESPONSE AND REIMBURSEMENT ACCOUNT
STATEMENT OF REVENUES, EXPENDITURES, & FUND BALANCE**

For the fiscal years ended June 30

	2008%	2008	2007
REVENUE:			
Pesticide Product Registrations	57%	\$ 1,659,189	\$ 1,497,289
Fertilizer Tonnage Fees	26%	754,324	635,420
Commercial Pesticide Applicator Lic	5%	158,395	151,005
Fertilizer Fixed Facility Fees	3%	83,925	77,150
Other	9%	252,364	242,854
Investment Earnings		<i>142,902</i>	<i>132,644</i>
Specialty Fertilizer Tonnage Fees		<i>14,280</i>	<i>13,500</i>
Pesticide Dealer Storage License		<i>48,845</i>	<i>48,825</i>
Soil & Plant Amendment Tonnage Fees		<i>3,928</i>	<i>3,265</i>
Non-commercial Pesticide Appl Lic		<i>27,802</i>	<i>29,595</i>
Structural Pest Control Company Lic		<i>14,607</i>	<i>13,550</i>
Commercial Applicator-Aquatic		<i>0</i>	<i>1,475</i>
Total Revenues	100%	2,908,197	2,603,718
EXPENDITURES:			
Reimbursement claims paid		1,211,216	2,391,048
Administrative expenditures		171,744	179,285
Total Expenditures		1,382,960	2,570,333
EXCESS OF REVENUE OVER EXPENDITURES		1,525,236	33,385
FUND BALANCE -- beginning of fiscal year		2,870,694	2,836,991
FUND BALANCE -- end of fiscal year		\$ 4,395,930	\$ 2,870,376 *

*+ \$318 late credit applied = \$2,870,694

**Sources of Funding
Fiscal year 2008**



Related Program Activities

Brownfields Coordination Group -

ACRRA program staff continues to participate in a multi-agency group to share information on contamination remediation programs. Representatives from the state departments of Agriculture, Commerce, Health, Employment and Economic Development, Pollution Control, Metropolitan Council, League of Minnesota Cities, and others meet quarterly.

Funding Workshops for Cleanup of Contaminated Lands -

The Metropolitan Council and the Minnesota Department of Employment and Economic Development sponsor these ongoing workshops jointly for local governmental units and other interested parties. The workshops describe funding opportunities for agricultural chemicals, hazardous materials, and petroleum cleanups. ACRRA and MDA Incident Response Program Staff presented information on both programs at two metro locations and four locations in greater Minnesota this fiscal year.

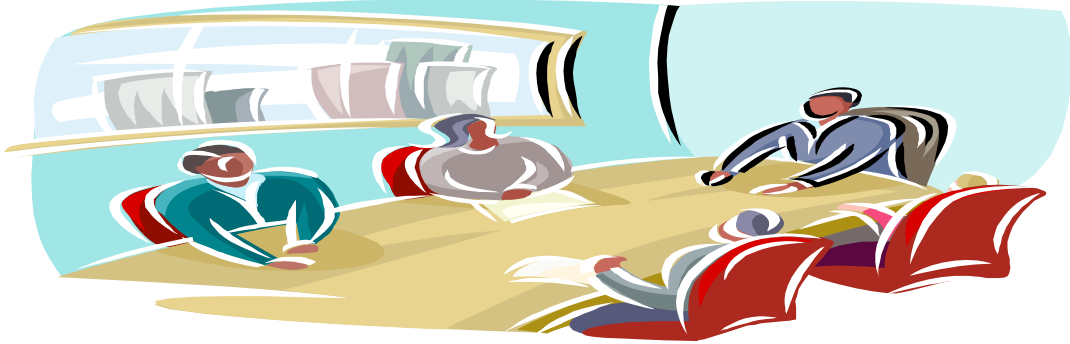
MDA Abandoned Sites Project Update

The MDA Incident Response Program (IRP) received a grant from the U.S. Environmental Protection Agency in 2004 and 2005 to identify and geo-locate abandoned agricultural chemical sites in Minnesota. More than 500 abandoned sites were located and evaluated with this grant money. Some of those sites required no additional follow up. Other sites had already been placed on existing priority lists within the IRP, awaiting future work. The remaining 135 sites were determined to require follow up. Some land owners were notified that they could initiate their own investigations and cleanups, and if the work was approved by the MDA, the land owners could receive partial reimbursement for costs incurred from ACRRA.

In 2006 the IRP utilized state Remediation Fund monies to perform investigations at six (6) abandoned sites. Based on the results from these investigations, case files were closed at five (5) sites with no further work required. Contaminant levels exceeding soil cleanup goals were detected at the other site. In September 2008 the soil from that site (former Weis Aerial) was excavated and disposed of at an industrial landfill in Minnesota, utilizing ACRRA account monies for costs incurred.

In 2007 the IRP utilized state Remediation Fund monies to perform investigations at five (5) sites. Additional investigative work is planned for two (2) of these sites in 2009. Cleanup work is planned for one of these sites in 2009 as well, using ACRRA account monies.

ACRRA Board Members



Agricultural Chemical Response Compensation Board

Sandra Gardner, Board Chair

Representing agricultural chemical registrants and manufacturers

Tom Revier, Board Vice-Chair

Representing farmers

Jeff Like, Board Member

Representing agricultural chemical dealers

Joel Fischer, Executive Director, PetroFund Program

Delegate for Glen Wilson, Commissioner
Minnesota Department of Commerce

Paul Strandberg, Project Manager

Delegate for Gene Hugoson, Commissioner
Minnesota Department of Agriculture

*Authority for the program is covered under Minnesota Statutes § 18E
and
Minnesota Rules, Chapter 1512.0100 – 1512.1100.*

*In accordance with the Americans with Disabilities Act, an alternative form of communication is
available upon request. TDD: 1-800-627-3529*

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