



Agricultural Chemical Response and Reimbursement Account (ACRRA)

ANNUAL REPORT

Fiscal Year 2025

MINN. STAT. 18E.06

12/01/2025

Minnesota Department of Agriculture
Jennie Andryski
ACRRA Board Administrator
Pesticide and Fertilizer Management Division
625 Robert Street North
Saint Paul, MN 55155
Phone: 651-201-6490
jennie.andryski@state.mn.us
www.mda.state.mn.us/ACRRA

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Executive Summary

The Agricultural Chemical Response and Reimbursement Account (ACRRA) provides financial assistance to eligible parties cleaning up agricultural chemical contamination. ACRRA funds are administered by the Agricultural Chemical Response Compensation Board, which consists of three representatives from the agricultural industry as well as commissioners of the Minnesota Departments of Agriculture and Commerce.

Over its 36-year history, the ACRRA program has reviewed more than 1,571 applications and reimbursed over \$62 million to help cover the cost of cleaning up agricultural chemical spills.

In Fiscal Year (FY) 2025, the board had four scheduled meetings to review applications, approving 24 for reimbursement. Of those, 11 were for new sites (initial applications) and 13 were subsequent applications given ongoing cleanup activities. The total expended for applicant reimbursements or payments, cleanup activities, and abandoned sites was \$2,013,311. Administrative expenses totaled \$447,983.

During FY25, ACRRA received revenues totaling \$5,384,588. This is \$1,924,177 lower than the \$7,308,765 in total revenue received during FY24.

Introduction

The Agricultural Chemical Response and Reimbursement Account (ACRRA) program was created as part of the 1989 Minnesota Groundwater Protection Act to provide financial assistance for cleaning up incidents causing agricultural chemical contamination. ACRRA program 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 the Minnesota Departments of Agriculture and Commerce.

The board determines the eligibility of applicants and whether costs submitted are eligible, reasonable, and necessary. The Minnesota Department of Agriculture's Pesticide and Fertilizer Management Division (PFMD) has several active programs for addressing agricultural chemical cleanups, including emergency, comprehensive, voluntary, and abandoned sites. Emergency releases occur suddenly, such as a valve failure, traffic accident, fire, or flood. The Emergency Response team at the Minnesota Department of Agriculture (MDA) has oversight of these cleanups. A site can be contaminated by agricultural chemical spills/releases over time and may be cleaned up under the oversight of one or more of the programs.

The ACRRA program is funded by the collection of annual surcharges on pesticide and fertilizer sales and surcharges on applicator and dealer licenses. As a condition of obtaining a license or registration from the MDA, a person must pay the ACRRA surcharge. Revenue collected supports ACRRA program operations. A decrease in surcharge rates occurred on Jan. 1, 2025. Surcharge rates for 2024 and 2025 are as shown in Table 1 below.

Table 1:

ACRRA Surcharge Category	ACRRA 2024 Surcharges	ACRRA 2025 Surcharges
Commercial & Non-Commercial Pesticide Licenses	\$25	\$21
Structural Pest Control Company Licenses	\$100	\$85
Agricultural Fertilizer Licenses (includes lawn service)	\$50	\$42
Pesticide Dealer License (ag and non-ag)	\$75	\$64
Fertilizer Tonnage	\$0.32/ton	\$0.27/ton
Pesticide Registration (percent of sales)	0.32%	0.27%
Out-of-State Pesticide Distributors (each site annually)	\$3,135	\$2,665

Background

The ACRRRA program is administered by ACRRRA staff. Duties performed by the staff include, but are not limited to, receiving and reviewing applications; coordinating with applicants, consultants, and Incident Response Unit (IRU) staff; recommending eligibility as well as making funding recommendations to the board based on statute and rule; developing legislative initiatives; forecasting fund financials; and conducting program outreach.

The ACRRRA program minimizes agricultural chemical impacts on the environment by helping to defray cleanup costs of agricultural chemical spills. It is the responsibility of ACRRRA staff to manage program resources effectively. Oversight of corrective actions taken to clean up contamination is the responsibility of the IRU.

Since its inception, the ACRRRA program has disbursed more than \$62 million to cover eligible corrective action cleanup costs. The MDA commissioner sets the surcharge rate to maintain a minimum balance of \$2 million and an upper balance of \$6.5 million.

Incident Response Program Status

As of the end of FY25, IRU staff were working on 40 comprehensive and 75 voluntary sites. The number of voluntary sites that entered the Agricultural Chemical Voluntary Investigation and Cleanup (AgVIC) program included 11 new sites, while 10 voluntary project files were closed.

The types of sites currently active in the comprehensive and voluntary programs include former and currently operating agricultural chemical retail facilities, pesticide manufacturing facilities, a plant and tree nursery, wood treating facilities, and golf course conversions.

Financial Report

REVENUES:

Program revenues totaled \$5,384,588 in FY25. This is \$1,924,177 lower than FY24 revenues. Revenue includes investment earnings and surcharges collected through June 2025.

The fund balance was \$4,736,472 at the end of FY23; \$6,303,283 at the end of FY24; and \$9,226,577 at the end of FY25. ACRRA staff have closely monitored the balance, as statute requires it to remain between the minimum of \$2 million and the maximum of \$6.5 million. In response, the Commissioner of Agriculture determined that ACRRA surcharge rates needed to be reduced in both 2024 and 2025. Reimbursement requests in FY25 were lower than anticipated, leading the fund balance to increase more rapidly than anticipated. Given surcharge rate reductions in both years and the increase in cleanups overseen by the Incident Response Staff, the fund balance is expected to decline in FY26 and FY27.

Reimbursement applications are unpredictable, but ACRRA staff anticipates strong numbers of cleanup projects going forward with IRU fully staffed and engaged in cleanups. The board approved reimbursement of 24 applications in FY25. Of the 24 applications reviewed by the board, 11 were new applications and 13 were subsequent applications. Of these 24 applications, 20 were voluntary site cleanups and four were emergency incidents.

In FY25, direct payment to contractors for cleanup of abandoned sites totaled \$63,481; reimbursements to applicants totaled \$1,700,415.

In FY25, the total amount expended for applicant reimbursements or payments, cleanup activities, and abandoned sites was \$2,013,311. Administrative expenses, including ACRRA and IRU staff, were \$447,983. Total expenditures were \$2,461,294.

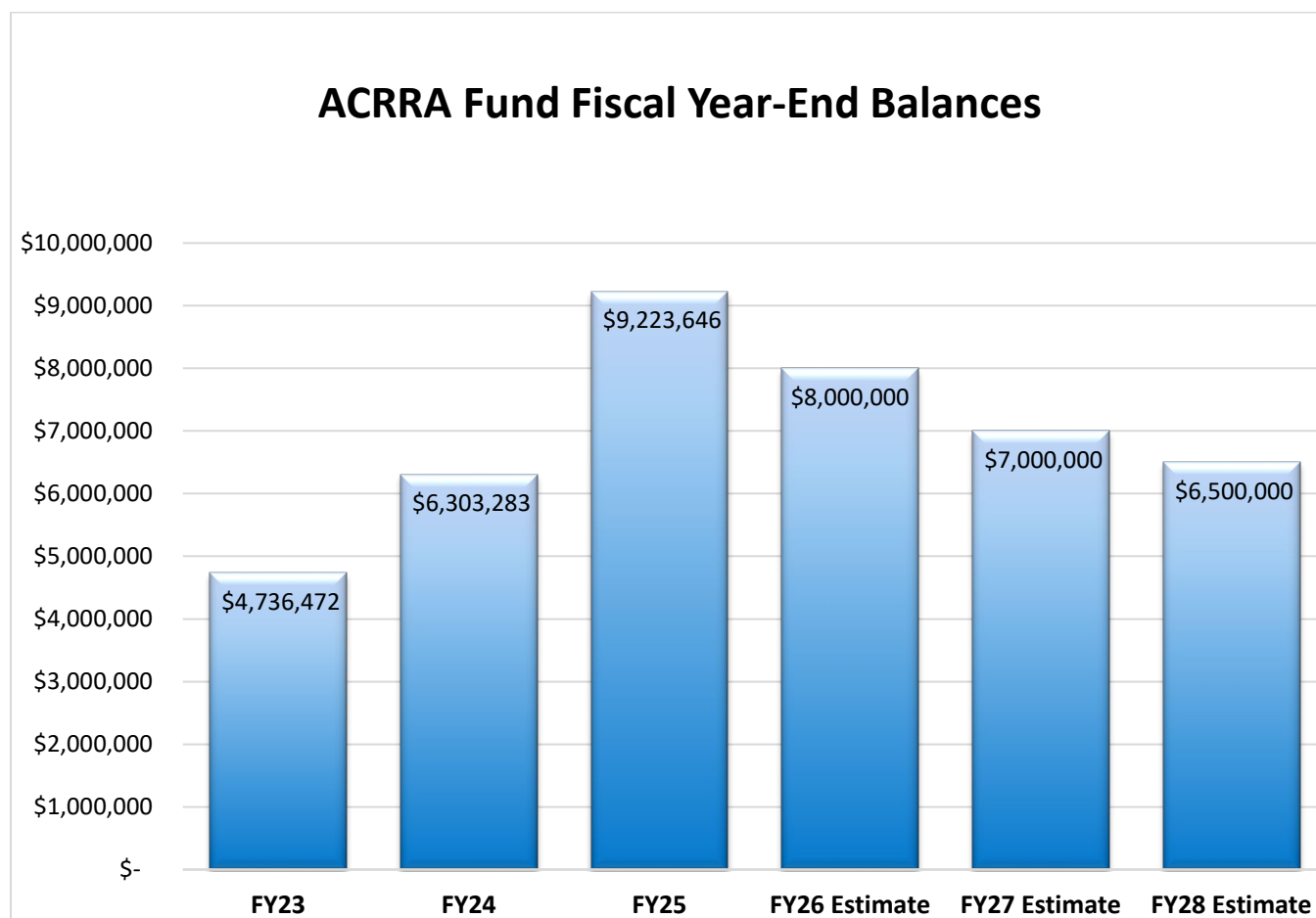
Statement of Revenues, Expenditures, and Fund Balance

Minnesota Department of Agriculture

Agricultural Chemical Response and Reimbursement Account

	% FY25	FY25	FY24
REVENUES			
Surcharge on License/Authorization	8%	\$405,832	\$456,595
Surcharge on Tonnage/Product Registration	85%	\$4,599,025	\$6,564,389
Investment Earnings	7%	\$379,731	\$287,781
Total Revenues	100%	\$5,384,588	\$7,308,765
EXPENDITURES			
Reimbursement and Cleanup Costs		\$2,013,311	\$5,312,684
Administrative Expenditures (ACRRA)		\$273,034	\$272,671
Administrative Expenditures (IRU)		\$174,949	\$156,599
Total Expenditures		\$2,461,294	\$5,741,954
Fund Balance Beginning of Year		\$6,303,283	\$4,736,472
ENDING FUND BALANCE		\$9,226,577	\$6,303,283

ACRRA Fund Fiscal Year-End Balances



Former Esselman's Store, Mayhew Lake Township

The former Esselman's Store (Site) operated as an agricultural chemical facility in Mayhew Lake Township from 1976 to 2003 by Robert and Donna Esselman. Robert Esselman passed away in 2003, and Donna Esselman is the remaining Responsible Party (RP) for this Site. In 2003, the Site was sold and is now operated as a trucking business. Pesticides and fertilizer contamination were identified in soil and groundwater at the Site. Petroleum contamination also is present in soil and groundwater, which is being investigated through the Minnesota Pollution Control Agency (MPCA) Petroleum Remediation Program.

In 2016, the RP's representative informed the MDA and the MPCA that the RP was financially unable to proceed with either the agricultural chemical or the petroleum investigations and corrective actions.

Water samples from 14 drinking wells within Mayhew Lake Township were collected since June 2012. Agricultural chemical contamination above the Minnesota Department of Health (MDH) drinking water guidelines was identified in six of the 14 drinking water wells sampled; MDH well advisories were issued for all six of the wells. Four of the six agricultural chemical contaminated drinking water wells receive bottled water provided by the MDA. Two of the six wells also are contaminated with petroleum compounds and have had water Granular Activated Carbon (GAC) treatment systems installed by the MPCA. Monitoring costs for both the drinking and supply wells are shared annually between the MPCA and MDA for consulting, reporting, and field supplies.

In FY22, the MDA conducted a limited investigation of select areas of the Site, primarily under structures, that had yet to be fully delineated for sources of soil and groundwater contamination. This involved the completion of 24 soil borings, three temporary monitoring wells, and three soil vapor probes.

During FY23, FY24, and FY25 the MDA continued to sample the monitoring well network and select residential wells to provide trend data on the nature and extent of agricultural chemical contamination in the shallow and deep groundwater of the local area. Analysis from well monitoring has shown a mostly stable range of concentrations, with periodic concentration swings from one sampling event to the next.

As a result of the FY22 limited investigation, the extent of subsurface soil contamination at the Site has been delineated and potential corrective actions beneath the former pesticides dike location and beneath the former dry fertilizer building are being evaluated. The current owner of the Site has stated that they may be willing to sell the property within or around two years, at which point the MPCA may be able to purchase the Site for remediation.

To better understand the MDA's potential long-term costs of this project, the MDA will continue to work with the MPCA to develop corrective actions and cost-sharing for the Site. Work conducted through the MPCA program is funded by Petrofund.

Agricultural Chemical Response Compensation Board Members

Chair, Jeff Wheeler

Representing Agricultural Chemical Retailers

Vice Chair, Janet Hou

Representing Agricultural Chemical Manufacturers and Wholesalers

Member, Michael Skaug

Representing Farmers

Member, Joel Fischer

Delegate for the Commissioner of the Minnesota Department of Commerce

Member, Peder Kjeseth

Delegate for the Commissioner of the Minnesota Department of Agriculture

ACRRA Staff

Executive Director

Steven Jacobson

Board Administrator

Jennie Andryski

Administrative Assistant

Adreanne Johnson

This report was prepared on behalf of the
Agricultural Chemical Response Compensation Board and the Commissioner of Agriculture for:

Minnesota Environmental Quality Board
House Committee on Ways and Means
House Agriculture Policy Committee
House Environment, Natural Resources and Agriculture Finance
Senate Environment, Economic Development and Agriculture Committee
Senate Jobs, Agriculture and Rural Development Committee
Senate Committee on Finance