

# Arizona Department of Agriculture

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DESCRIPTION	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 JLBC	FY 2009 JLBC
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	234.2	234.2	237.2	237.2
Personal Services	7,149,300	8,138,800	8,230,100	8,230,100
Employee Related Expenditures	2,756,400	3,420,200	3,488,600	3,488,600
Professional and Outside Services	339,800	155,000	165,000	165,000
Travel - In State	708,000	698,800	734,300	734,300
Travel - Out of State	48,100	40,200	42,800	41,400
Other Operating Expenditures	1,718,600	1,773,900	1,761,900	1,761,900
Equipment	442,000	73,100	77,300	75,600
<b>OPERATING SUBTOTAL</b>	<b>13,162,200</b>	<b>14,300,000</b>	<b>14,500,000</b>	<b>14,496,900</b>
<b>SPECIAL LINE ITEMS</b>				
Agricultural Employment Relations Board	20,800	23,300	23,300	23,300
Animal Damage Control	65,000	65,000	65,000	65,000
Red Imported Fire Ant	23,200	23,200	23,200	23,200
<b>AGENCY TOTAL</b>	<b>13,271,200</b>	<b>14,411,500</b>	<b>14,611,500</b>	<b>14,608,400</b>

<b>FUND SOURCES</b>				
General Fund	10,715,000	11,369,600	11,366,500	11,366,500
<u>Other Appropriated Funds</u>				
Agricultural Consulting and Training Fund	67,400	71,700	103,400	103,400
Aquaculture Fund	6,700	9,200	9,200	9,200
Arizona Protected Native Plant Fund	160,600	186,100	186,500	186,500
Citrus, Fruit and Vegetable Revolving Fund	828,100	1,042,800	1,044,900	1,044,900
Commercial Feed Fund	277,700	291,300	291,800	291,800
Dangerous Plants, Pests and Diseases Fund	21,400	21,400	40,000	40,000
Egg Inspection Fund	564,400	721,300	869,800	866,700
Fertilizer Materials Fund	277,600	290,800	291,300	291,300
Livestock Custody Fund	57,300	79,400	79,400	79,400
Pesticide Fund	259,300	274,800	275,500	275,500
Seed Law Fund	35,700	53,100	53,200	53,200
SUBTOTAL - Other Appropriated Funds	2,556,200	3,041,900	3,245,000	3,241,900
<b>SUBTOTAL - Appropriated Funds</b>	<b>13,271,200</b>	<b>14,411,500</b>	<b>14,611,500</b>	<b>14,608,400</b>
Other Non-Appropriated Funds	8,097,300	10,071,900	10,071,900	10,071,900
Federal Funds	3,613,600	4,707,900	3,685,100	3,685,100
<b>TOTAL - ALL SOURCES</b>	<b>24,982,100</b>	<b>29,191,300</b>	<b>28,368,500</b>	<b>28,365,400</b>

<b>CHANGE IN FUNDING SUMMARY</b>				
	<u>FY 2007 to FY 2008 JLBC</u>		<u>FY 2007 to FY 2009 JLBC</u>	
	\$ Change	% Change	\$ Change	% Change
General Fund	(3,100)	0.0%	(3,100)	0.0%
Other Appropriated Funds	203,100	6.7%	200,000	6.6%
Total Appropriated Funds	200,000	1.4%	196,900	1.4%
Non Appropriated Funds	(1,022,800)	(6.9%)	(1,022,800)	(6.9%)
Total - All Sources	(822,800)	(2.8%)	(825,900)	(2.8%)

**AGENCY DESCRIPTION** — The Arizona Department of Agriculture administers and enforces agriculture-related statutes. The department regulates certain phases of food production (such as milking, butchering, and harvesting) to guard public health and to ensure product quality. The department administers programs to protect livestock and crops from pests and diseases and to protect farm workers who handle agricultural chemicals. It also tests certain non-food agricultural products to ensure product quality and content, as well as providing administrative support to several agricultural product promotion groups.

PERFORMANCE MEASURES	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	JLBC
<ul style="list-style-type: none"> <li>% of industry stakeholders rating the department's quality of communication excellent or good</li> </ul> <p>Comments: The agency did not submit information for this measure in FY 2006 as required by the General Appropriations Act. The rating of the department's quality of communication is not reported because of low survey response. The department is currently developing a new instrument for this performance measure and expects to have more reliable data for FY 2007.</p>	NA	NA	NA	95
<ul style="list-style-type: none"> <li>% of meat and poultry product tests in compliance with bacteria, drug and chemical residue requirements</li> </ul>	99.6	93	91	95
<ul style="list-style-type: none"> <li>% of inspections within the state interior resulting in pest interceptions</li> </ul> <p>Comments: The percent of inspections resulting in pest interceptions was not reported for FY 2004 and FY 2005 because of errors in the data.</p>	NA	NA	6.8	7.0
<ul style="list-style-type: none"> <li>Overall customer satisfaction rating for laboratory services (%)</li> </ul>	96	97	96	98

### CHANGES FROM FY 2007

#### **Operating Budget**

The JLBC includes \$14,500,000 and 237.2 FTE Positions for the operating budget in FY 2008 and \$14,496,900 and 237.2 FTE Positions in FY 2009. These amounts consist of:

	<b>FY 2008</b>	<b>FY 2009</b>
General Fund	\$11,255,000	\$11,255,000
Agricultural Consulting and Training Fund	103,400	103,400
Aquaculture Fund	9,200	9,200
Arizona Protected Native Plant Fund	186,500	186,500
Citrus, Fruit, and Vegetable Revolving Fund	1,044,900	1,044,900
Commercial Feed Fund	291,800	291,800
Dangerous Plants, Pests, and Diseases Fund	40,000	40,000
Egg Inspection Fund	869,800	866,700
Fertilizer Materials Fund	291,300	291,300
Livestock Custody Fund	79,400	79,400
Pesticide Fund	275,500	275,500
Seed Law Fund	53,200	53,200

These amounts would fund the following adjustments:

Standard Changes	GF	(3,100)	(3,100)
	OF	6,300	6,300
The JLBC includes an increase of \$3,200 in FY 2008 and FY 2009 for standard changes. These amounts consist of:			
General Fund	(3,100)	(3,100)	
Agricultural Consulting and Training Fund	200	200	

Arizona Protected Native Plant Fund	400	400
Citrus, Fruit, and Vegetable Revolving Fund	2,100	2,100
Commercial Feed Fund	500	500
Egg Inspection Fund	1,800	1,800
Fertilizer Materials Fund	500	500
Pesticide Fund	700	700
Seed Law Fund	100	100

#### **Nursery Certification**

**Program OF 18,600 18,600**

The JLBC includes an increase of \$18,600 from the Dangerous Plants, Pests, and Diseases Fund in FY 2008 and FY 2009 for the Nursery Certification Program. Nurseries throughout Arizona that ship products out of state are often required by the recipient to receive certification that the products meet certain state-specific standards. Laws 2006, Chapter 279 changed this program from discretionary to mandatory. In addition, fees have been increased to the statutory maximum so there is additional revenue in the fund. The additional funding would allow the department to be more flexible in providing this service to nurseries. The majority of the funding for this program is for motor pool costs associated with travel throughout the state to perform the certifications.

#### **Pesticide Label Comprehension**

**Courses OF 31,500 31,500**

The JLBC includes an increase of \$31,500 from the Agricultural Consulting and Training Fund in FY 2008 and FY 2009 for Pesticide Label Comprehension Training Courses. Pesticide product labels are typically 50 pages in length and include instructions regarding how to properly mix, apply, store, and dispose of pesticides. The Pesticide Label Comprehension Training Courses teach pesticide handlers how to better comprehend and use relevant label

information to improve safety in the workplace. These courses have been taught over the past year with funding from a one-time grant from the Environmental Protection Agency. This funding would allow the program to continue.

**Egg Inspection Program**

**FTE Positions OF 146,700 143,600**

The JLBC includes an increase of \$146,700 and 3 FTE Positions from the Egg Inspection Fund in FY 2008 and \$143,600 and 3 FTE Positions in FY 2009 for the Egg Inspection Program. A local egg producer is proposing to build a new processing plant with a capacity larger than the 2 existing egg ranches. The Department currently has a cooperative agreement with the United States Department of Agriculture (USDA) to provide grading and inspection services for egg products in Arizona. The FY 2008 amount includes \$3,100 for one-time startup costs.

**Special Line Items**

**Agricultural Employment Relations Board**

The JLBC includes \$23,300 from the General Fund for the Agricultural Employment Relations Board in FY 2008 and FY 2009. This amount is unchanged from FY 2007. This Special Line Item funds accounting and budgeting support for the Agricultural Employment Relations Board. The board receives and investigates complaints and conducts farm labor union elections.

**Animal Damage Control**

The JLBC includes \$65,000 from the General Fund for Animal Damage Control in FY 2008 and FY 2009. This amount is unchanged from FY 2007. This Special Line

Item funds agreements with the U.S. Department of Agriculture (USDA) to control, dispatch, or relocate predatory animals and noxious rodents, which are injurious to livestock, poultry, agriculture, other industries, or the public health.

**Red Imported Fire Ant**

The JLBC includes \$23,200 from the General Fund for the Red Imported Fire Ant in FY 2008 and FY 2009. This amount is unchanged from FY 2007. This Special Line Item funds ongoing pest exclusion efforts aimed at preventing the introduction of the red imported fire ant. The state has successfully suppressed isolated infestations of red imported fire ants and continues to be federally certified as free from this pest.

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**FORMAT** — Operating Lump Sum with Special Line Items by Agency

**STATUTORY CHANGES**

The JLBC would permanently amend A.R.S. § 41-511.23 to allow the Department of Agriculture to use up to 10% of the revenue from the Livestock and Crop Conservation Fund for administration of the Livestock and Crop Conservation program.

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
<b>Administrative Support Fund (AHA2436/A.R.S. § 3-108)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies are collected from each commodity council based on annually negotiated interagency agreements.		
<b>Purpose of Fund:</b> For costs incurred by the department in providing administrative support.		
<b>Funds Expended</b>	31,600	36,800
<b>Year-End Fund Balance</b>	12,600	12,800
<b>Agricultural Consulting and Training Fund (AHA1239/A.R.S. § 5-113)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> One percent of the funds resulting from horse and dog racing permittees, permits, and licenses, as well as from the proceeds of unclaimed property in the custody of the state, as defined by A.R.S. § 44-303.		
<b>Purpose of Fund:</b> To fund the agricultural consulting and training program established by A.R.S. § 3-109.01		
<b>Funds Expended</b>	67,400	71,700
<b>Year-End Fund Balance</b>	125,100	53,400

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
<b>Aquaculture Fund (AHA2297/A.R.S. § 3-2913)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Fees resulting from the regulation of aquaculture.		
<b>Purpose of Fund:</b> To administer and enforce the provisions of A.R.S. Title 3, Chapter 16, relating to aquaculture. Aquaculture is the controlled growth and harvest of aquatic plants and animals such as fish, shellfish, and algae.		
<b>Funds Expended</b>	6,700	9,200
<b>Year-End Fund Balance</b>	38,100	35,800
<b>Beef Council (Livestock Board Collection and Administration) Fund (AHA2083/A.R.S. § 3-1236)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> \$1 per head surcharge collected on behalf of the Arizona Beef Council when animals are inspected by the department for sale. The department retains 5 cents per dollar, while 95 cents per dollar is forwarded to this fund.		
<b>Purpose of Fund:</b> For collection and administration costs.		
<b>Funds Expended</b>	633,300	620,000
<b>Year-End Fund Balance</b>	10,000	10,000
<b>Citrus, Fruit and Vegetable Revolving Fund (AHA2260/A.R.S. § 3-447)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Assessments, fees, and civil penalties relating to the standardization of citrus, other fruits, and vegetables.		
<b>Purpose of Fund:</b> To enable producers and shippers to develop uniform grades and standards for citrus, fresh fruit, and vegetables and to allow field and shed inspections of commodities produced in Arizona.		
<b>Funds Expended</b>	828,100	1,042,800
<b>Year-End Fund Balance</b>	246,500	72,800
<b>Citrus Research Council Fund (AHA2299/A.R.S. § 3-468.04)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> An assessment on citrus produced in Arizona, as well as fines, other charges, and interest.		
<b>Purpose of Fund:</b> To support research, development, and survey programs concerning varietals development, eradication of citrus pests, and other programs deemed appropriate to production, harvesting, handling, and hauling from field to market.		
<b>Funds Expended</b>	72,400	50,500
<b>Year-End Fund Balance</b>	85,500	85,500
<b>Commercial Feed Fund (AHA2012/A.R.S. § 3-2607)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Licensing fees and fines associated with the regulation of animal and bird feeds.		
<b>Purpose of Fund:</b> To regulate animal and bird feeds.		
<b>Funds Expended</b>	277,700	291,300
<b>Year-End Fund Balance</b>	262,000	234,200
<b>Commodity Promotion Fund (AHA2458/A.R.S. § 3-109.02)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Proceeds of a fee collected for a Certificate of Free Sale and any sales of merchandise with the Arizona Grown trademark. A Certificate of Free Sale is a document authenticating that a commodity is generally and freely sold in domestic channels of trade. Many countries require this documentation before allowing a shipment of consumable products to enter their borders and markets.		
<b>Purpose of Fund:</b> To provide programs promoting production and consumption of Arizona agricultural products domestically and abroad.		
<b>Funds Expended</b>	4,400	1,900
<b>Year-End Fund Balance</b>	38,500	43,700
<b>Cotton Research and Protection Council Abatement Fund (AHA2013/A.R.S. § 3-1085)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Assessments on cotton produced in the state, as well as fines and interest earnings.		
<b>Purpose of Fund:</b> To support research programs related to cotton production or protection, including programs and research for cotton pest eradication; and to provide an incentive program for voluntary boll weevil control.		
<b>Funds Expended</b>	2,042,000	2,427,000
<b>Year-End Fund Balance</b>	1,750,800	1,758,800

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
<b>Dangerous Plants, Pests and Diseases Fund</b> (AHA2054/A.R.S. § 3-214.01)		<b>Appropriated</b>
<b>Source of Revenue:</b> License fees on and reimbursements for the destruction of dangerous plants, pests, and diseases.		
<b>Purpose of Fund:</b> To prevent the introduction and propagation of, and to control and destroy, dangerous plants, pests, and diseases.		
<b>Funds Expended</b>	21,400	21,400
<b>Year-End Fund Balance</b>	83,700	111,500
<b>Designated Fund</b> (AHA3011/A.R.S. § 35-142)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees for laboratory services and phytosanitary certifications (certifying produce that is sent overseas), industry contributions for the Arizona Grown Program, 5% of Beef Council surcharges, Risk Management grant from the Arizona Department of Administration, and other grants and contributions.		
<b>Purpose of Fund:</b> To administer the purpose for which the fee, grant, or contribution is intended.		
<b>Funds Expended</b>	923,400	1,808,900
<b>Year-End Fund Balance</b>	777,300	528,500
<b>Egg Inspection Fund</b> (AHA2022/A.R.S. § 3-717)		<b>Appropriated</b>
<b>Source of Revenue:</b> Fees resulting from the regulation of eggs and egg products.		
<b>Purpose of Fund:</b> To administer the egg inspection program.		
<b>Funds Expended</b>	564,400	721,300
<b>Year-End Fund Balance</b>	84,300	269,800
<b>Equine Inspection Fund</b> (AHA2489/A.R.S. § 3-1345.01)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Equine inspection and transfer fees.		
<b>Purpose of Fund:</b> To fund the issuance of equine ownership and hauling certificates.		
<b>Funds Expended</b>	10,900	7,100
<b>Year-End Fund Balance</b>	200	200
<b>Federal Funds</b> (AHA2000/A.R.S. § 35-142)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal grants.		
<b>Purpose of Fund:</b> As determined by federal law with regard to exotic pest control (e.g., fire ant, gypsy moth, medfly), agricultural chemicals regulation, farm mediation, endangered species, and meat, poultry, and egg inspection. (The meat and poultry inspection amounts are a reimbursement to the General Fund and, therefore, pass through this fund without a net impact on expenditures shown here.)		
<b>Funds Expended</b>	3,512,700	4,492,600
<b>Year-End Fund Balance</b>	383,200	408,400
<b>Arizona Federal - State Inspection Fund</b> (AHA2113/A.R.S. § 3-499)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees for inspection of produce imported from Mexico, as well as interest on those monies.		
<b>Purpose of Fund:</b> As determined by a cooperative agreement with the U.S. Department of Agriculture. On July 1, 1996, the Arizona Department of Agriculture became the fiduciary of this program, which monitors produce being imported from Mexico at the Nogales Port of Entry.		
<b>Funds Expended</b>	2,784,700	2,917,200
<b>Year-End Fund Balance</b>	1,686,600	1,723,900
<b>Fertilizer Materials Fund</b> (AHA2081/A.R.S. § 3-269)		<b>Appropriated</b>
<b>Source of Revenue:</b> A portion of the fertilizer manufacturer's license fee, fees collected for the inspection of materials, and the proceeds from the sale of seized, non-complying materials.		
<b>Purpose of Fund:</b> To regulate fertilizers.		
<b>Funds Expended</b>	277,600	290,800
<b>Year-End Fund Balance</b>	414,600	375,900

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
<b>Arizona Grain Research Fund (AHA2201/A.R.S. § 3-590)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> An assessment on commercial grain sales.		
<b>Purpose of Fund:</b> To support the council's promotion and research activities with public or private organizations. Such activities relate to reducing fresh water consumption, developing new varieties, improving production and handling methods, researching and designing new or improved harvesting and handling equipment, and similar programs.		
<b>Funds Expended</b>	129,600	110,500
<b>Year-End Fund Balance</b>	219,800	209,000
<b>Iceberg Lettuce Research Council Fund (AHA2259/A.R.S. § 3-526.06)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> An assessment on iceberg lettuce prepared for market.		
<b>Purpose of Fund:</b> To support research, development, and survey programs concerning varieties development, including programs for pest eradication, production harvesting, handling and hauling from field to market, and other activities deemed appropriate.		
<b>Funds Expended</b>	108,500	112,000
<b>Year-End Fund Balance</b>	145,200	145,200
<b>Indirect Cost Recovery Fund (AHA9000/A.R.S. § 3-107)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal grants.		
<b>Purpose of Fund:</b> For indirect costs associated with administration of federal grants.		
<b>Funds Expended</b>	100,900	215,300
<b>Year-End Fund Balance</b>	396,100	335,800
<b>Interagency Service Agreement Fund (AHA2500/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Previously from an agreement with the State Parks Board for the Conservation-Based Management Alternatives portion of the Growing Smarter initiative. The funding for this agreement now is deposited into the Livestock and Crop Conservation Fund.		
<b>Purpose of Fund:</b> To award grants to individual land owners, or to grazing or agricultural lessees of state or federal land, who contract with the Parks Board to implement conservation-based management alternatives to livestock or crop production, or to reduce livestock or crop production, providing wildlife habitat or other public benefits that preserve open space.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Livestock and Crop Conservation Fund (AHA2378/A.R.S. § 41-511.23)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> \$2 million annually from the Land Conservation Fund, as established by A.R.S. § 41-511.23.		
<b>Purpose of Fund:</b> Continuously appropriated for grants to landowners, as well as to grazing and agricultural lessees of state or federal land, who implement conservation measures.		
<b>Funds Expended</b>	1,356,500	1,980,000
<b>Year-End Fund Balance</b>	4,827,100	2,305,200
<b>Livestock Custody Fund (AHA2065/A.R.S. § 3-1377)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Fines assessed for and proceeds resulting from the sale of mistreated or stray livestock.		
<b>Purpose of Fund:</b> To enforce any of the provisions of Title 3, relating to agriculture and dairying.		
<b>Funds Expended</b>	57,300	79,400
<b>Year-End Fund Balance</b>	164,900	161,500
<b>Pesticide Fund (AHA2051/A.R.S. § 3-350)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> A portion of pesticide registration fees and proceeds resulting from condemnation and sale of non-compliant equipment.		
<b>Purpose of Fund:</b> To regulate pesticides.		
<b>Funds Expended</b>	259,300	274,800
<b>Year-End Fund Balance</b>	287,900	297,700

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
<b>Arizona Protected Native Plant Fund</b> (AHA2298/A.R.S. § 3-913)		<b>Appropriated</b>
<b>Source of Revenue:</b> Fees from permits issued for the removal or salvage of protected native plants.		
<b>Purpose of Fund:</b> For the protection of native plants.		
<b>Funds Expended</b>	160,600	186,100
<b>Year-End Fund Balance*</b>	5,900	(40,700)
<b>Seed Law Fund</b> (AHA2064/A.R.S. § 3-234)		<b>Appropriated</b>
<b>Source of Revenue:</b> Seed dealers' and labelers' license fees and penalties and fees for the inspection and testing of seeds.		
<b>Purpose of Fund:</b> To regulate seeds, including all agricultural, vegetable, and ornamental plant seed, transported or offered for sale in this state.		
<b>Funds Expended</b>	35,700	53,100
<b>Year-End Fund Balance</b>	70,200	60,200
<b>Arizona Wine Promotional Fund</b> (AHA2205/A.R.S. § 3-555 and § 42-3105)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> The first \$100,000 of proceeds from the tax on the sale of wine is deposited into the fund. In FY 1994, \$200,000 was appropriated from the Commerce and Economic Development Commission (CEDC) Fund as "start-up" monies. Laws 1993, Chapter 40 requires that CEDC be repaid that amount.		
<b>Purpose of Fund:</b> The Wine Commission was terminated on July 1, 2004 pursuant to Laws 2003, Chapter 227. In addition, the Arizona Wine Promotional Fund was also repealed in that chapter. The legislative intent was for this fund to continue to make payments to the CEDC Fund until the loan was repaid. When the fund was deleted, the remaining balance was paid to the CEDC; however, approximately \$100,000 of the loan was never paid off.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0

\* As reported by the agency. Actual ending balance will not be negative.