

## Arizona Department of Agriculture

	FY 2012 ACTUAL	FY 2013 ESTIMATE	FY 2014 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	166.7	161.0	161.0
Personal Services	4,386,100	4,389,300	4,389,300
Employee Related Expenditures	1,964,000	1,896,200	1,896,200
Professional and Outside Services	28,500	48,500	48,500
Travel - In State	346,400	349,500	349,500
Travel - Out of State	9,800	6,700	6,700
Other Operating Expenditures	958,200	894,700	894,700
Equipment	108,800	10,100	10,100
<b>OPERATING SUBTOTAL</b>	<b>7,801,800</b>	<b>7,595,000</b>	<b>7,595,000</b>
<b>SPECIAL LINE ITEMS</b>			
Agricultural Consulting and Training Pari-Mutuel	128,500	128,500	128,500
Agricultural Employment Relations Board	23,300	23,300	23,300
Animal Damage Control	65,000	65,000	65,000
Nuclear Emergency Management Fund	92,100	92,100	0
Red Imported Fire Ant	23,200	23,200	23,200
<b>AGENCY TOTAL</b>	<b>8,133,900<sup>1/</sup></b>	<b>7,927,100<sup>2/</sup></b>	<b>7,835,000</b>
<b>FUND SOURCES</b>			
General Fund	8,133,900	7,927,100	7,835,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>8,133,900</b>	<b>7,927,100</b>	<b>7,835,000</b>
Other Non-Appropriated Funds	11,083,000	11,618,800	10,468,100
Federal Funds	6,845,700	6,342,600	6,342,600
<b>TOTAL - ALL SOURCES</b>	<b>26,062,600</b>	<b>25,888,500</b>	<b>24,645,700</b>

**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.

### Operating Budget

The Baseline includes \$7,595,000 and 161 FTE Positions from the General Fund in FY 2014 for the operating budget. These amounts are unchanged from FY 2013.

This line item funds on-site visits to establishments and for consultation, interpreting, and applying alternative methods of complying with statutes, rules, regulations, and standards relating to compliance.

### Agricultural Consulting and Training Pari-Mutuel

The Baseline includes \$128,500 from the General Fund in FY 2014 for the Agricultural Consulting and Training Pari-Mutuel line item. This amount is unchanged from FY 2013.

### Agricultural Employment Relations Board

The Baseline includes \$23,300 from the General Fund in FY 2014 for the Agricultural Employment Relations Board line item. This amount is unchanged from FY 2013.

<sup>1/</sup> Includes a total of \$194,100 GF and \$63,900 OF appropriated in FY 2012 for costs associated with an additional pay period. These expenditures were not reflected in the individual agency tables in the *FY 2012 Appropriations Report*. Laws 2011, Chapter 281 subsequently converted the other appropriated funds to non-appropriated status.

<sup>2/</sup> In addition to these amounts, the FY 2013 General Appropriation Act included one-time FY 2013 adjustments for a state employee health insurance premium holiday and employee retention payments. The adjustments include a reduction of \$(97,800) GF for the premium holiday and an increase of \$202,700 GF for the employee retention payment.

This 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 Baseline includes \$65,000 from the General Fund in FY 2014 for the Animal Damage Control line item. This amount is unchanged from FY 2013.

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

**Nuclear Emergency Management Fund**

The Baseline includes no funding from the General Fund in FY 2014 for the Nuclear Emergency Management Fund (NEMF). FY 2014 adjustments would be as follows:

	<b>FY 2014</b>
<b>Remove Expired Funding</b>	<b>GF \$(92,100)</b>

The Baseline includes a decrease of \$(92,100) from the General Fund in FY 2014 for the expiration of NEMF funding. Laws 2011, Chapter 132 appropriated \$92,113 from the General Fund in both FY 2012 and FY 2013 for off-site nuclear emergency response plans. The Department of Agriculture, Radiation Regulatory Agency, and Department of Emergency and Military Affairs received monies from this bill. The FY 2014 allocation will be made through a bill separate from the General Appropriation Act, the amount of which will be determined at a later date. *(Please see the Radiation Regulatory Agency and Department of Emergency and Military Affairs narrative for more information.)*

The Legislature is required to biennially assess a fee against each group of public service and municipal corporations operating the Palo Verde Nuclear Generating Station. The fee is set at a level to offset the General Fund appropriation to the NEMF.

Monies in the NEMF are used for the development and maintenance of a state plan for off-site responses to an emergency caused by an accident at a commercial nuclear generating station. NEMF monies are also used to provide for the equipment, personnel, facilities, training, and testing necessary to comply with federally prescribed criteria.

Monies appropriated to the NEMF are exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations, except that monies left unexpended or unencumbered at the end of the fiscal year shall be used to offset the next year's assessment and appropriation.

**Red Imported Fire Ant**

The Baseline includes \$23,200 from the General Fund in FY 2014 for the Red Imported Fire Ant line item. This amount is unchanged from FY 2013.

This 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**

As session law, the FY 2014 Baseline would permit the Director, upon recommendation from the Agricultural Advisory Council, to continue to allow special fee authority in FY 2014. The Baseline would also include legislative intent that the fees would not generate more than \$218,000 to the General Fund, \$113,000 to the Pesticide Fund, and \$26,000 to the Dangerous Plants, Pests, and Diseases Fund, which was also included in last year's bill.

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Administrative Support Fund</b> (AHA2436/A.R.S. § 3-108)		<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>	42,500	49,900
<b>Year-End Fund Balance</b>	47,100	36,000

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Agricultural Consulting and Training Trust Fund (AHA1239/A.R.S. § 5-113)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations.		
<b>Purpose of Fund:</b> To fund the agricultural consulting and training program established by A.R.S. § 3-109.01. Appropriated expenditures are not displayed in FY 2012 and FY 2013 to avoid double counting of the General Fund.		
<b>Funds Expended</b>	4,200	15,100
<b>Year-End Fund Balance</b>	45,500	30,400
<b>Agricultural Products Marketing (AHA2368/A.R.S. § 3-419)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Assessments on the Arizona Leafy Green Products Shipper Marketing Agreement commodities.		
<b>Purpose of Fund:</b> To fund the Arizona Leafy Green Products Shipper Marketing Committee and to ensure compliance with the accepted food safety practices through mandatory government audits.		
<b>Funds Expended</b>	267,400	839,900
<b>Year-End Fund Balance</b>	384,100	41,700
<b>Agricultural Protection Fund (AHA2381/A.R.S. § 3-3304)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Gifts, grants, or donations.		
<b>Purpose of Fund:</b> To award grants to state agencies, political subdivisions, and non-profit conservation groups for the establishment of agricultural easements.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Aquaculture Trust Fund (AHA2297/A.R.S. § 3-2913)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees resulting from the regulation of aquaculture. Laws 2011, Chapter 281 converted this appropriated fund into a non-appropriated trust fund on the bill's effective date (July 20, 2011) through December 30, 2012. Subsequently, Laws 2012, Chapter 248 permanently made this fund a non-appropriated trust fund.		
<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>	8,800	7,000
<b>Year-End Fund Balance</b>	5,900	4,400
<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>	304,400	300,000
<b>Year-End Fund Balance</b>	10,800	0
<b>Citrus, Fruit and Vegetable Trust Fund (AHA2260/A.R.S. § 3-447)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Assessments, fees, and civil penalties relating to the standardization of citrus, other fruits, and vegetables. Laws 2011, Chapter 281 converted this appropriated fund into a non-appropriated trust fund on the bill's effective date (July 20, 2011) through December 30, 2012. Subsequently, Laws 2012, Chapter 248 permanently made this fund a non-appropriated trust fund.		
<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 the state.		
<b>Funds Expended</b>	308,800	332,200
<b>Year-End Fund Balance</b>	80,600	30,100

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Citrus Trust Fund</b> (AHA2299/A.R.S. § 3-468.04, 3-468.06)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> An assessment on citrus produced in the state, as well as fines, other charges, and interest.		
<b>Purpose of Fund:</b> To support research, development, and survey programs concerning varietal development, eradication of citrus pests, and other programs deemed appropriate to production, harvesting, handling, and hauling from field to market.		
<b>Funds Expended</b>	13,900	63,500
<b>Year-End Fund Balance</b>	26,000	0
<b>Commercial Feed Trust Fund</b> (AHA2012/A.R.S. § 3-2607)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Licensing fees and fees collected for the inspection of animal and bird feeds. Laws 2011, Chapter 281 converted this appropriated fund into a non-appropriated trust fund on the bill's effective date (July 20, 2011) through December 30, 2012. Subsequently, Laws 2012, Chapter 248 permanently made this fund a non-appropriated trust fund.		
<b>Purpose of Fund:</b> To regulate animal and bird feeds.		
<b>Funds Expended</b>	265,800	289,200
<b>Year-End Fund Balance</b>	146,300	144,700
<b>Commodity Promotion Fund</b> (AHA2458/A.R.S. § 3-109.02)		<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 for programs to promote the production and consumption of Arizona agricultural products domestically and abroad.		
<b>Funds Expended</b>	11,400	8,000
<b>Year-End Fund Balance</b>	4,600	3,600
<b>Cotton Research and Protection Council Fund</b> (AHA2013/A.R.S. § 3-1085)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Assessments on each bale of 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 and to provide a program to refund collected fees as an incentive for boll weevil control.		
<b>Funds Expended</b>	1,893,800	2,293,500
<b>Year-End Fund Balance</b>	1,944,600	1,929,600
<b>Dangerous Plants, Pests and Diseases Trust Fund</b> (AHA2054/A.R.S. § 3-214.01)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Certification fees on and reimbursements for the destruction of dangerous plants, pests, and diseases. Laws 2011, Chapter 281 converted this appropriated fund into a non-appropriated trust fund on the bill's effective date (July 20, 2011) through December 30, 2012. Subsequently, Laws 2012, Chapter 248 permanently made this fund a non-appropriated trust fund.		
<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>	125,800	60,000
<b>Year-End Fund Balance</b>	50,600	55,600
<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, a 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>	378,100	398,000
<b>Year-End Fund Balance</b>	418,400	410,900

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Egg Inspection Trust Fund</b> (AHA2022/A.R.S. § 3-717)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees resulting from the regulation of eggs and egg products. Laws 2011, Chapter 281 converted this appropriated fund into a non-appropriated trust fund on the bill's effective date (July 20, 2011) through December 30, 2012. Subsequently, Laws 2012, Chapter 248 permanently made this fund a non-appropriated trust fund.		
<b>Purpose of Fund:</b> To administer the Egg Inspection Program.		
<b>Funds Expended</b>	804,300	1,039,300
<b>Year-End Fund Balance</b>	368,300	315,800
<b>Equine Inspection Fund</b> (AHA2489/A.R.S. § 3-1345.01)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Inspection fees for processing ownership and transportation of horses.		
<b>Purpose of Fund:</b> To fund the issuance of horse ownership and transportation certificates.		
<b>Funds Expended</b>	1,000	1,300
<b>Year-End Fund Balance</b>	600	400
<b>Federal Fund</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>	6,684,600	6,166,300
<b>Year-End Fund Balance</b>	744,000	532,300
<b>Federal - State Inspection Fund</b> (AHA2113/A.R.S. § 3-499)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees for inspection of domestic produce imported from Mexico pursuant to a cooperative agreement with the U.S. Department of Agriculture.		
<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>	3,384,800	2,981,500
<b>Year-End Fund Balance</b>	1,193,000	1,047,800
<b>Fertilizer Materials Trust Fund</b> (AHA2081/A.R.S. § 3-269)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> A portion of the fertilizer manufacturer's license fee and fees collected for the inspection of materials. Laws 2011, Chapter 281 converted this appropriated fund into a non-appropriated trust fund on the bill's effective date (July 20, 2011) through December 30, 2012. Subsequently, Laws 2012, Chapter 248 permanently made this fund a non-appropriated trust fund.		
<b>Purpose of Fund:</b> To regulate fertilizers.		
<b>Funds Expended</b>	280,800	300,700
<b>Year-End Fund Balance</b>	133,000	183,400
<b>Grain Trust Fund</b> (AHA2201/A.R.S. § 3-590)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> An assessment on commercial grain sales.		
<b>Purpose of Fund:</b> To support the Grain Research and Promotion 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>	145,900	139,500
<b>Year-End Fund Balance</b>	25,800	41,900

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Iceberg Lettuce Trust 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 varietal development, including programs for pest eradication, production harvesting, handling and hauling from field to market, and other activities deemed appropriate.		
<b>Funds Expended</b>	81,600	100,000
<b>Year-End Fund Balance</b>	41,700	41,700
<b>IGA &amp; ISA Fund (AHA2500/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies received through an interagency agreement with the Office of Pest Management.		
<b>Purpose of Fund:</b> To provide administrative services to the Office of Pest Management, including acting director, accounting, information technology, human resources, and legal services.		
<b>Funds Expended</b>	75,800	104,100
<b>Year-End Fund Balance</b>	0	0
<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>	161,100	176,300
<b>Year-End Fund Balance</b>	325,500	308,800
<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 through FY 2011, 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>	1,960,200	1,747,100
<b>Year-End Fund Balance</b>	3,415,200	1,698,100
<b>Livestock Custody Trust Fund (AHA2065/A.R.S. § 3-1377)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fines assessed for and proceeds resulting from the sale of mistreated or stray livestock. Laws 2011, Chapter 281 converted this appropriated fund into a non-appropriated trust fund on the bill's effective date (July 20, 2011) through December 30, 2012. Subsequently, Laws 2012, Chapter 248 permanently made this fund a non-appropriated trust fund.		
<b>Purpose of Fund:</b> To enforce any of the provisions of Title 3, relating to agriculture and dairying.		
<b>Funds Expended</b>	118,300	120,000
<b>Year-End Fund Balance</b>	117,200	102,900
<b>Livestock Inspection Service Fee Increase Fund</b> (AHA1050/Laws 2010, 7th Special Session, Chapter 7)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Revenues from the fee use authority authorized by Laws 2010, 7th Special Session, Chapter 7 were deposited into this fund in FY 2011. The FY 2011 remaining balance of \$700 was expended in FY 2012. Monies are shown in the General Fund in FY 2012 and FY 2013.		
<b>Purpose of Fund:</b> Operating activities.		
<b>Funds Expended</b>	700	0
<b>Year-End Fund Balance</b>	0	0
<b>Nuclear Emergency Management Fund (AHA2138/A.R.S. § 26-306.02)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> An assessment levied against a consortium of corporations that operate the Palo Verde Nuclear Generating Station. Laws 2011, Chapter 132 appropriated \$92,113 to the Arizona Department of Agriculture in both FY 2012 and FY 2013.		
<b>Purpose of Fund:</b> To administer and enforce the state plan for off-site response to an emergency caused by an accident at a commercial nuclear generating station. Expenditures from this fund are not displayed to avoid double counting of appropriated funds.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Pesticide Trust Fund (AHA2051/A.R.S. § 3-350)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> A portion of pesticide registration fees. Laws 2011, Chapter 281 converted this appropriated fund into a non-appropriated trust fund on the bill's effective date (July 20, 2011) through December 30, 2012. Subsequently, Laws 2012, Chapter 248 permanently made this fund a non-appropriated trust fund.		
<b>Purpose of Fund:</b> To regulate pesticides.		
<b>Funds Expended</b>	461,600	295,700
<b>Year-End Fund Balance</b>	77,500	103,200
<b>Protected Native Plant Trust Fund (AHA2298/A.R.S. § 3-913)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees from permits issued for the removal or salvage of protected native plants. Laws 2011, Chapter 281 converted this appropriated fund into a non-appropriated trust fund on the bill's effective date (July 20, 2011) through December 30, 2012. Subsequently, Laws 2012, Chapter 248 permanently made this fund a non-appropriated trust fund.		
<b>Purpose of Fund:</b> For the protection of native plants.		
<b>Funds Expended</b>	90,700	80,000
<b>Year-End Fund Balance</b>	33,900	36,000
<b>Seed Law Trust Fund (AHA2064/A.R.S. § 3-234)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Seed dealers' and labelers' license fees and penalties. Laws 2011, Chapter 281 converted this appropriated fund into a non-appropriated trust fund on the bill's effective date (July 20, 2011) through December 30, 2012. Subsequently, Laws 2012, Chapter 248 permanently made this fund a non-appropriated trust fund.		
<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>	52,400	53,300
<b>Year-End Fund Balance</b>	31,300	66,700