

Arizona Department of Agriculture

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	162.9	162.9	196.3
Personal Services	4,071,600	4,307,900	5,324,400
Employee Related Expenditures	1,885,500	1,947,800	2,437,000
Professional and Outside Services	60,400	42,000	299,500
Travel - In State	414,100	449,300	605,800
Travel - Out of State	7,200	17,800	32,700
Other Operating Expenditures	1,174,400	1,075,700	1,460,300
Equipment	202,700	8,500	61,300
OPERATING SUBTOTAL	7,815,900	7,849,000	10,221,000
SPECIAL LINE ITEMS			
Agricultural Consulting and Training	128,000	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	191,600	198,400	198,400
Red Imported Fire Ant Control	23,200	23,200	23,200
AGENCY TOTAL	8,247,000	8,287,400	10,659,400
FUND SOURCES			
General Fund	8,247,000	8,287,400	9,219,600
<u>Other Appropriated Funds</u>			
Air Quality Fund	0	0	1,439,800
SUBTOTAL - Other Appropriated Funds	0	0	1,439,800
SUBTOTAL - Appropriated Funds	8,247,000	8,287,400	10,659,400
Other Non-Appropriated Funds	10,159,200	12,741,200	12,140,500
Federal Funds	4,151,200	4,381,600	4,381,600
TOTAL - ALL SOURCES	22,557,400	25,410,200	27,181,500

AGENCY DESCRIPTION — The Arizona Department of Agriculture (ADA) 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. Beginning in FY 2017, the responsibilities of the Department of Weights and Measures are transferred to ADA. The new duties include the inspection, testing and licensing of commercial weighing and measuring devices.

Operating Budget		Agency Consolidation	GF 1,262,800
			OF 1,439,800
The Baseline includes \$10,221,000 and 194.4 FTE Positions in FY 2017 for the operating budget. These amounts consist of:		The Baseline includes an increase of \$2,702,600 and 33.4 FTE Positions in FY 2017 for the Weights and Measures agency consolidation. These amounts consist of:	
	FY 2017	General Fund	1,262,800
General Fund	\$8,781,200	Air Quality Fund	1,439,800
Air Quality Fund	1,439,800		
FY 2017 adjustments would be as follows:		Laws 2015, Chapter 244 establishes the Weights and Measures Services Division within ADA as of July 1, 2016. (See Other Issues section for additional information on the Weights and Measures agency consolidation.)	

Consolidation Savings GF (330,600)

The Baseline includes a decrease of \$(330,600) from the General Fund in FY 2017 for consolidation savings. The Executive currently estimates operating savings from the Weights and Measures agency consolidation to total \$(330,600) from the General Fund. *(See Other Issues section for additional information on the Weights and Measures agency consolidation.)*

Agricultural Consulting and Training

The Baseline includes \$128,500 from the General Fund in FY 2017 for the Agricultural Consulting and Training line item. This amount is unchanged from FY 2016.

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

Agricultural Employment Relations Board

The Baseline includes \$23,300 from the General Fund in FY 2017 for the Agricultural Employment Relations Board line item. This amount is unchanged from FY 2016.

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 2017 for the Animal Damage Control line item. This amount is unchanged from FY 2016.

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 \$198,434 and 1.9 FTE Positions from the General Fund in FY 2017 for the Nuclear Emergency Management Fund (NEMF). These amounts are unchanged from FY 2016.

Laws 2015, Chapter 132 appropriated \$198,434 and 1.9 FTE Positions from the General Fund in FY 2016 and FY 2017. As a result, these monies do not appear in the General Appropriation Act. The Radiation Regulatory

Agency, Department of Emergency and Military Affairs, and ADA receive monies from this bill. *(Please see the Department of Emergency and Military Affairs and the Radiation Regulatory Agency narratives 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.

Department representatives assist in the planning for off-site responses to an emergency at the Palo Verde Nuclear Generating Station and participate in the annual response exercises, mainly the Ingestion Pathway Zone exercises. They are responsible for controlling embargoes of food, water, and milk in the event that there is an emergency that would contaminate those items produced in the areas around the plant.

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 Control

The Baseline includes \$23,200 from the General Fund in FY 2017 for the Red Imported Fire Ant Control line item. This amount is unchanged from FY 2016.

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

The Baseline would, as session law, permit the Director, upon recommendation from the Agricultural Advisory Council, to continue to allow special fee authority in FY 2017 including legislative intent that the fees not generate more than \$218,000 to the General Fund, \$113,000 to the Pesticide Trust Fund, and \$26,000 to the Dangerous Plants, Pests, and Diseases Trust Fund.

- Responsibilities relating to taxis, limousines and livery vehicles are transferred to the Department of Transportation (ADOT).
- Responsibilities relating to the Moving Truck Violation Enforcement Program are transferred to the Department of Public Safety (DPS).

The Director of ADOA will submit a succession plan to the Joint Legislative Budget Committee for review by March 1, 2016. *(Please see the Department of Weights and Measures and the Arizona Department of Transportation for more information.)*

Other Issues

Division of Weights and Measures

Laws 2015, Chapter 244 establishes the Weights and Measures Services Division within ADA as of July 1, 2016. All authority, powers, duties and responsibilities previously granted to the Department of Weights and Measures are transferred to the new Division within ADA, except that:

As of October 2015, the Department of Weights and Measures has completed the agency consolidation process through a series of Interagency Service Agreements (ISAs) with ADA, DPS, and ADOT. The ADA Director will serve as the Interim Director for the Weights and Measures Services Division until the formal dissolution of the Department of Weights and Measures occurs on July 1, 2016.

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Administrative Support Fund (AHA2436/A.R.S. § 3-108)		Non-Appropriated
Source of Revenue: Monies are collected from each commodity council based on annually negotiated interagency agreements.		
Purpose of Fund: For costs incurred by the department in providing administrative support.		
Funds Expended	37,400	39,200
Year-End Fund Balance	56,100	57,200
Agricultural Consulting and Training Trust Fund (AHA1239/A.R.S. § 5-113)		Partially-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To fund the Agricultural Consulting and Training Program established by A.R.S. § 3-109.01. Appropriated expenditures are not displayed in FY 2015 and FY 2016 to avoid double counting of the General Fund.		
Appropriated Funds Expended	0	0
Non-Appropriated Funds Expended	0	1,700
Year-End Fund Balance	31,700	30,000
Agricultural Products Marketing Fund (AHA2368/A.R.S. § 3-419)		Non-Appropriated
Source of Revenue: Assessments on the Arizona Leafy Green Products Shipper Marketing Agreement commodities.		
Purpose of Fund: To fund the Arizona Leafy Green Products Shipper Marketing Committee and to ensure compliance with the accepted food safety practices through mandatory government audits.		
Funds Expended	454,600	569,400
Year-End Fund Balance	467,400	247,800
Air Quality Fund (AHA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: Monies received from the \$1.50 fee assessed on motor vehicle registration, as well as gifts, grants, donations, and legislative appropriations.		
Purpose of Fund: To pay the costs of air quality research, experiments, education, and programs conducted by or for the department.		
Funds Expended	0	0
Year-End Fund Balance	1,068,300	1,068,300

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Aquaculture Trust Fund (AHA2297/A.R.S. § 3-2913)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees resulting from the regulation of aquaculture.		
Purpose of Fund: 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.		
Funds Expended	0	6,200
Year-End Fund Balance	22,700	21,400
Beef Council (Livestock Board Collection and Administration) Fund (AHA2083/A.R.S. § 3-1236)		Non-Appropriated
Source of Revenue: \$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.		
Purpose of Fund: For collection and administration costs.		
Funds Expended	258,100	258,000
Year-End Fund Balance	60,500	0
Citrus, Fruit and Vegetable Trust Fund (AHA2260/A.R.S. § 3-447)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees resulting from the assessments and civil penalties relating to the standardization of citrus, other fruits, and vegetables.		
Purpose of Fund: 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.		
Funds Expended	326,800	370,400
Year-End Fund Balance	148,200	121,400
Citrus Trust Fund (AHA2299/A.R.S. § 3-468.04, 3-468.06)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees resulting from the assessment on citrus produced in the state, other charges, and interest.		
Purpose of Fund: 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.		
Funds Expended	14,800	66,800
Year-End Fund Balance	67,600	30,800
Commercial Feed Trust Fund (AHA2012/A.R.S. § 3-2607)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees resulting from licensing fees and fees collected for the inspection of animal and bird feed.		
Purpose of Fund: To regulate animal and bird feeds.		
Funds Expended	247,500	252,300
Year-End Fund Balance	279,400	279,400
Commodity Promotion Fund (AHA2458/A.R.S. § 3-109.02)		Non-Appropriated
Source of Revenue: 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.		
Purpose of Fund: To provide for programs to promote the production and consumption of Arizona agricultural products domestically and abroad.		
Funds Expended	8,000	8,000
Year-End Fund Balance	2,800	1,800

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Cotton Research and Protection Council Fund (AHA2013/A.R.S. § 3-1085)		Non-Appropriated
Source of Revenue: Assessments on each bale of cotton produced in the state, as well as fines and interest earnings.		
Purpose of Fund: 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.		
Funds Expended	2,671,400	3,093,000
Year-End Fund Balance	3,041,300	2,443,300
Dangerous Plants, Pests and Diseases Trust Fund (AHA2054/A.R.S § 3-214.01)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fee resulting from certification fees and reimbursements for the destruction of dangerous plants, pests, and diseases.		
Purpose of Fund: To prevent the introduction and propagation of, and to control and destroy, dangerous plants, pests, and diseases.		
Funds Expended	62,600	97,500
Year-End Fund Balance	77,500	66,000
Designated Fund (AHA3011/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: 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.		
Purpose of Fund: To administer the purpose for which the fee, grant, or contribution is intended.		
Funds Expended	482,100	781,700
Year-End Fund Balance	738,600	563,000
Egg Inspection Trust Fund (AHA2022/A.R.S. § 3-717)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees resulting from the regulation of eggs and egg products.		
Purpose of Fund: To administer the Egg Inspection Program.		
Funds Expended	1,300,100	1,408,300
Year-End Fund Balance	652,100	505,100
Equine Inspection Fund (AHA2489/A.R.S. § 3-1345.01)		Non-Appropriated
Source of Revenue: Inspection fees for processing ownership and transportation of horses.		
Purpose of Fund: To fund the issuance of horse ownership and transportation certificates.		
Funds Expended	0	0
Year-End Fund Balance	700	1,000
Federal Funds (AHA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: 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.)		
Funds Expended	4,126,400	4,152,000
Year-End Fund Balance	384,900	180,200

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Federal - State Inspection Fund (AHA2113/A.R.S. § 3-499)		Non-Appropriated
Source of Revenue: Fees for inspection of domestic produce imported from Mexico pursuant to a cooperative agreement with the U.S. Department of Agriculture.		
Purpose of Fund: 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.		
Funds Expended	2,823,500	3,013,800
Year-End Fund Balance	971,000	640,600
Fertilizer Materials Trust Fund (AHA2081/A.R.S. § 3-269)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees collected from inspections and a portion of the fertilizer manufacturer's license fee.		
Purpose of Fund: To regulate fertilizers.		
Funds Expended	302,400	340,300
Year-End Fund Balance	373,300	393,200
Grain Trust Fund (AHA2201/A.R.S. § 3-590)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees resulting from an assessment on commercial grain sales.		
Purpose of Fund: 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.		
Funds Expended	116,900	155,100
Year-End Fund Balance	150,200	150,200
Iceberg Lettuce Trust Fund (AHA2259/A.R.S. § 3-526.06)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees resulting from an assessment on iceberg lettuce prepared for market.		
Purpose of Fund: 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.		
Funds Expended	89,200	100,000
Year-End Fund Balance	64,200	64,200
IGA & ISA Fund (AHA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies received through an interagency agreement with the Office of Pest Management.		
Purpose of Fund: To provide administrative services to the Office of Pest Management including accounting, information technology, human resources, and legal services.		
Funds Expended	104,100	104,100
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (AHA9000/A.R.S. § 3-107)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: For indirect costs associated with administration of federal grants.		
Funds Expended	24,800	229,600
Year-End Fund Balance	614,600	533,600

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Livestock and Crop Conservation Fund (AHA2378/A.R.S. § 41-511.23)		Non-Appropriated
Source of Revenue: \$2 million annually from the Land Conservation Fund through FY 2011, as established by A.R.S. § 41-511.23.		
Purpose of Fund: Grants to landowners, as well as to grazing and agricultural lessees of state or federal land, who implement conservation measures.		
Funds Expended	415,700	1,274,400
Year-End Fund Balance	1,569,000	307,000
Livestock Compensation Fund (No Fund Number/A.R.S. § 17-493)		Non-Appropriated
Source of Revenue: Consists of federal monies, legislative appropriations and donations.		
Purpose of Fund: To compensate livestock operators, landowners and lessees for wolf depredation on livestock and for participating in a pay-for-presence program.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Livestock Custody Trust Fund (AHA2065/A.R.S. § 3-1377)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with monies resulting from fines assessed for and proceeds resulting from the sale of mistreated or stray livestock.		
Purpose of Fund: To enforce any of the provisions of Title 3, relating to agriculture and dairying.		
Funds Expended	59,200	220,000
Year-End Fund Balance	261,300	131,300
Nuclear Emergency Management Fund (AHA2138/A.R.S. § 26-306.02)		Non-Appropriated
Source of Revenue: An assessment levied against a consortium of corporations that operate the Palo Verde Nuclear Generating Station. Laws 2015, Chapter 132 appropriated \$198,434 to the Arizona Department of Agriculture in both FY 2016 and FY 2017.		
Purpose of Fund: 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.		
Funds Expended	0	0
Year-End Fund Balance	18,700	0
Pesticide Trust Fund (AHA2051/A.R.S. § 3-350)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees resulting from a portion of pesticide registration fees.		
Purpose of Fund: To regulate pesticides.		
Funds Expended	273,700	445,500
Year-End Fund Balance	452,700	424,200
Protected Native Plant Trust Fund (AHA2298/A.R.S. § 3-913)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees resulting from permits issued for the removal or salvage of protected native plants.		
Purpose of Fund: For the protection of native plants.		
Funds Expended	57,500	82,000
Year-End Fund Balance	55,700	45,700

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Seed Law Trust Fund (AHA2064/A.R.S. § 3-234)		Non-Appropriated
Source of Revenue: A non-appropriated trust fund with fees resulting from seed dealers' and labelers' license fees and penalties.		
Purpose of Fund: To regulate seeds, including all agricultural, vegetable, and ornamental plant seed, transported or offered for sale in this state.		
Funds Expended	53,600	53,500
Year-End Fund Balance	124,500	155,700