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# Department of Pesticide Regulation



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## About Increased Pesticide Regulatory Fees November 2003

Senate Bill 1049, signed into law in October 2003, made a number of changes to the Food and Agricultural Code, requiring the Department of Pesticide Regulation (DPR) to become primarily a fee-based agency, with most revenue drawn from fees on pesticide registrations, professional licenses, and from the mill fee (which is assessed on pesticide sales).

DPR has adopted emergency regulations to put the new fees in place. (The rulemaking process authorized by the legislation is unusual in that the Department is allowed to adopt an emergency regulation to quickly enact the fees; the emergency regulation does not expire and is in effect until amended.)

The new fees apply to registrations and licenses that will be in effect during calendar year 2004, even if the fees are paid before January 1, 2004. Applications for registrations of new products and requests for label amendments received before January 1, 2004 will not be subject to the new fees.

The registration and licensing fee schedules can be adjusted annually, provided that the revenue generated by these fees covers the Department's costs in running the two programs. The Department plans workshops in 2004 to solicit input on possible fee restructuring in 2005.

Similarly, the Department may adjust the mill assessment level annually, under the 21-mill cap, provided that sufficient revenue is generated to cover the remaining unfunded expenditures as authorized by the annual Budget Act, plus a prudent reserve.

*A table of the new fees is attached.*

### Mill Assessment

- The legislation gave DPR authority to raise the mill assessment rate via regulation to a level no greater than 21 mills per dollar of pesticide sales. (Since 1999, the rate has been 17.5 mills.)
- It also eliminated the sunset for the mill rate, and made permanent the additional three-quarter mill charged on agricultural and dual-use products to support the pesticide consultation function of the California Department of Food and Agriculture.

### Licensing Fees

- Fees for professional licenses, which had been set in statute, can now be modified by regulation. The Legislature gave the Director authority to adjust fees as needed, using a standardized methodology and inflationary indicators.

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- The Department was also directed to set licensing fees at a level “so that the total revenue collected each fiscal year is sufficient to support the expenditure levels” for the licensing and certification programs.
- The legislation also allowed the Department to charge fees for various activities related to its licensing program. For example, separate fees can now be levied for conducting examinations, approving continuing education courses, and issuing duplicate licensing cards.
- The new fees apply to licenses that will be in effect during calendar year 2004, even if the fees are paid before January 1, 2004.

### **Registration Fees**

- Fees for pesticide registration, which had been set in statute, can now be modified by regulation. The Legislature gave the Director authority to adjust fee rates as needed, using a standardized methodology and inflationary indicators.
- The Department was directed to set registration fees at a level “so that the total revenue collected each fiscal year is sufficient to support the expenditure levels for the registration program.”
- The legislation also allowed the Department to charge fees for amendments to pesticide registrations.
- The new fees apply to registrations that will be *renewed* during calendar year 2004, even if the fees are paid before January 1, 2004. (Applications for registrations of new products and requests for label amendments received before January 1, 2004 will *not* be subject to the new fees.)

### **Raising the Mill Assessment Rate**

DPR is proposing to raise the mill rate to 21 to ensure that the program levels enacted in the 2003-04 Budget are fully supported, and a prudent reserve is provided.

### **How DPR Determined Licensing and Registration Fees**

The licensing and registration fees were last increased in the mid-1980s, and by 2003, were at a level well below that needed to support their respective programs, as required by SB 1049.

#### ***Licensing Fees:***

DPR licenses and certifies individuals and businesses that apply, sell, or recommend pesticides in California. DPR conducts about 4,000 examinations annually and issues or renews about 15,000 licenses, which are typically valid for two years. DPR also accredits more than 2,500 continuing education courses each year.

Fees associated with these activities ranged from \$15 to \$100. Most had not been changed for more than 15 years, and did not keep pace with the cost of doing business. An independent consultant retained by DPR calculated the cost of licensing-related activities in fiscal 2000-01 at \$1.7 million, with fee revenue covering only about half those costs. Moreover, there was no fee

for some services (for example, certifying continuing education courses) that generated significant workload.

Licensing fees are being raised only to a level necessary to support the program and to reflect an adjustment for inflation. The new fees range from \$25 to \$160. The application fee will no longer include the cost of taking an exam. There will be a fee for application and separate charges of \$50 for each examination. A \$45 fee will be levied for reviewing and approving continuing education courses.

Penalties for late renewal of licenses and certificates have also been increased to 50 percent of the fee.

***Registration Fees:***

There are approximately 12,000 actions per year to register or renew pesticide products, and approximately \$2.4 million is collected at \$200 per product. In addition, the Department processes approximately 2,200 label amendments annually, about 20 percent of which require scientific evaluation. There is currently no charge for label amendments.

A fiscal analysis by an outside consulting firm found that the pesticide registration program in 2000-01 cost approximately \$9 million a year. This includes technical and scientific review by several DPR branches but not activities to mitigate the effects of pesticide use.

DPR is proposing to raise the fee for each pesticide product submitted for registration or renewal to \$750 per product. This level of funding, assuming there is no significant drop in the number of products submitted for registration or renewal, will generate approximately \$9 million annually, an amount sufficient to support the cost of the pesticide registration program at the 2000-01 level.

The Department is also proposing a fee of \$100 for each application to amend a pesticide product registration if the application requires scientific evaluation. This is expected to generate approximately \$30,000 to \$40,00 in additional revenue annually.

Penalties of \$150 for late registration renewal have also been established.

**Summary of Fees, Department of Pesticide Regulation**  
(all fees are annual except where noted)

	<i>Through 12/31/03</i>	<i>Effective 1/1/04*</i>	
<b>Registration</b>			
Registering a new product	\$200	\$750	
Renewing product registration	\$200	\$750	
Section 18 emergency exemption from registration	No fee	No fee	
Section 24c special local need registration	No fee	No fee	
Research authorization	No fee	No fee	
Label amendment	No fee	\$100 (some minor amendments exempted)	
<b>Pesticide-Related Business/Individual Licenses</b>			
<i>Note: Late renewal fees will be increased beginning 1/1/04.</i>		<i>Application Fee</i>	<i>Two-Year Renewal</i>
Agricultural pest control adviser	\$50 (\$40 renewal)	\$80	\$140
Evaluating continuing education courses	No fee	\$45 per course	
Examination fee	<i>( included in application fee)</i>	\$50 for each exam taken or re-taken)	
Maintenance gardener business	\$50	\$80	\$160
Pest control business, main office	\$100	\$160	\$320
Business, branch office	\$50	\$80	\$160
Pest control dealer	\$100	\$160	\$320
Dealer, branch office	\$50	\$80	\$160
Dealer, designated agent	\$15	\$25	\$50
Pesticide broker	\$100	\$110	\$220
Broker, branch office	\$50	\$60	\$120
Pilot	\$30 (\$25 renewal)	\$60	\$90
Private applicator certificate	No fee	No fee	
Qualified applicator certificate	\$25 (\$15 renewal)	\$40	\$60
Qualified applicator license	\$40 (\$30 renewal)	\$80	\$120
<b>Mill Assessment</b>			
Levied quarterly on wholesale pesticide sales	\$0.0175 per dollar of sales, plus additional \$0.00075 on agricultural and dual-use products	\$0.021 per dollar of sales, plus additional \$0.00075 on agricultural and dual-use products only	

\*Applies to registrations and licenses that will be in effect during calendar year 2004, even if the fees are paid before January 1, 2004.