



STATE OF WASHINGTON

DEPARTMENT OF AGRICULTURE

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DATE: November 17, 2022

TO: Washington State Legislature

FROM: Derek Sandison
Director, Washington State Department of Agriculture

SUBJECT: 2022 Report to the State Legislature on Pesticide License Fee Increases, SSB 5317

Background

In May 2021, SSB 5317 was passed which increased pesticide licensing fees for all license types, effective November 1, 2021.

SSB 5317 also directed WSDA to provide a report to the legislature on the status of the fee structure for pesticide licenses by December 31, 2022, (RCW 43.01.036). The report must include an outlook for potential future fee needs and describe how the department of agriculture has engaged with the regulated community on the topic of pesticide license fees in coordination with a stakeholder work group.

This memo fulfills the reporting requirements of SSB 5317.

Stakeholder Outreach and Impact of Fee Increase

In 2021, WSDA conducted three informational webinars providing an overview of the license fee increases initiated by SSB 5317. These were open to the public, announced to all pesticide licensees, and conducted both before and after the effective date of the license fee increase. No significant change in the number of individuals applying for a pesticide license, nor in the total number of active licensees resulted from the fee change.

Outlook

WSDA projects a 1% growth rate in the number of new licenses issued and renewals processed based on historical trends. Conversely, WSDA financial Services projects a 4% growth in expenditures for the Licensing Program based on wage and benefit increases. WSDA does not anticipate the addition of any new staff to the Licensing and Recertification Program at this time.

Current expenditures include the development of a custom database application for the Licensing and Recertification Program that will streamline processes and provide enhanced features including increased accessibility. WSDA Pesticide Management Division (PMD) anticipates completing the new business application Washington Pesticide Licensing and Recertification (WAPLR) by the end of FY24, which will decrease expenditures for FY25 and beyond.

Earlier this year, WSDA updated state rules to allow a third-party vendor to administer computer based-pesticide licensing examinations. This is a change that has been asked for by our stakeholders (licensees) for

over a decade. However, this change will require that the vendor retain all testing fees for vendor administered computer-based examinations. WSDA intends to secure a contract with a vendor for computer-based testing by FY24. WSDA anticipates at least 20% of our testers will choose the more convenient and localized computer-based testing the first year. WSDA expects the number of applicants choosing computer-based testing to increase by approximately 5% each following year. As the number of applicants who choose vendor administered exams increases, WSDA Pesticide Licensing revenue will decrease.

Table 1. Summary of 10-Year Outlook

SUMMARY	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Licensing Revenues	\$ 1,707,500	\$ 1,724,600	\$ 1,741,800	\$ 1,759,200	\$ 1,776,800	\$ 1,794,500	\$ 1,812,400	\$ 1,830,500	\$ 1,848,800	\$ 1,867,300
Testing Revenues	\$ 151,000	\$ 120,800	\$ 114,800	\$ 109,000	\$ 103,600	\$ 98,400	\$ 93,500	\$ 88,800	\$ 84,400	\$ 80,100
EPA Grant	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Total Revenues	\$ 1,933,500	\$ 1,920,400	\$ 1,931,600	\$ 1,943,200	\$ 1,955,400	\$ 1,967,900	\$ 1,980,900	\$ 1,994,300	\$ 2,008,200	\$ 2,022,400
72640 Expenditures	\$ (1,359,600)	\$ (1,413,900)	\$ (1,070,500)	\$ (1,113,300)	\$ (1,157,800)	\$ (1,204,200)	\$ (1,252,300)	\$ (1,302,400)	\$ (1,354,500)	\$ (1,408,700)
72231 Expenditures (EPA Grant)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)
Total Expenditures	\$ (1,434,600)	\$ (1,488,900)	\$ (1,145,500)	\$ (1,188,300)	\$ (1,232,800)	\$ (1,279,200)	\$ (1,327,300)	\$ (1,377,400)	\$ (1,429,500)	\$ (1,483,700)
Increase/(reduction) to Fund Balance	\$ 498,900	\$ 431,500	\$ 786,100	\$ 754,900	\$ 722,600	\$ 688,700	\$ 653,600	\$ 616,900	\$ 578,700	\$ 538,700

Based on the increase in licensing fees, the decrease in revenue from testing fees, and the decrease in expenditures beginning in FY25 once the WAPLR build is complete, the Licensing Program fund balance is stabilized. WSDA Financial services 10-year fiscal outlook (see Table 1) shows a net positive increase to the pesticide licensing local fund balance after WAPLR build expenditures are completed. However, it must be noted that the pesticide local fund balance supports all of Pesticide Management Programs not just the Licensing and Recertification Program.

WSDA believes it has met all of its statutory requirements for this report including significant stakeholder outreach and fiscal analysis. WSDA does not expect any additional fee increases to licensees at this time.

If you have any questions or need any additional information regarding this memo, please contact Robin Schoen-Nessa at (360) 902-2011 or rsnessa@agr.wa.gov.

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