

Implementing the Pesticide Registration Improvement Act - Fiscal Year 2016

Thirteenth Annual Report



March 1, 2017

Maintenance Fees

Reregistration and Expedited Processing Fund

Under FIFRA section 4(i)(5)(C), Maintenance Fees, EPA is authorized to collect an aggregate amount of \$27,800,000 for each of fiscal years 2013 through 2017 to support certain activities. Maintenance fees are a yearly product registration renewal fee. Since the per product maintenance fee is a “fitted value” based on estimates of the number of products that will pay the fee each year, aggregate amounts collected may be less than or greater than the authorized \$27,800,000 million in any particular year. In FY’ 16, the agency collected \$27,520,000 million. From this amount collected, \$731,755 (supporting 4.8 work years) was spent to carry out new inert ingredient reviews under section 4(k)(3), and \$2,722,000 million (supporting 19.4 work years) was spent to process fast track amendments and new products under FIFRA section 3(c)(3)(B).

The Pesticide Registration Improvement Extension Act of 2012, PRIA 3, created a new set-aside which allows the agency to set aside up to \$800,000 annually for enhancements of information technology systems for improvements in review of pesticide applications. Included in these IT improvements over the course of the PRIA 3 statutory timeframe are: 1) enhancing the information systems capabilities to improve the tracking of pesticide registration decisions; 2) implementing a system for tracking conditional registrations; 3) enhancing the capability to review labels submitted with registration actions electronically; 4) enhancing the database for information regarding endangered species assessments for Registration Review; and 5) acquiring and implementing the capability to electronically assess and evaluate Confidential Statements of Formula submitted with registration actions.

EPA launched a new electronic system for pesticide applications, the Pesticide Submission Portal (PSP) on September 1, 2015. This was the first step in a phased approach that will ultimately allow EPA to accept all pesticide applications electronically, a move that will help modernize the pesticide registration process, increase operational efficiencies and reduce paper waste. EPA will continue to accept paper, CD and DVD applications but encourages applicants to take advantage of this new, more efficient option.

In February 2016, Phase 2 of the Pesticide Submission Portal, was launched. This was the second step in a phased approach.

EPA has expanded the functionality of the portal by increasing the types of actions associated with distributor product applications that can be submitted, to include:

- Adding an alternate brand name
- Cancelling a distributor product
- Cancelling all distributor products

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- Reinstating a distributor product

Phase 2 also allows submission of responses to Data Call-Ins (DCIs). The following activities responding to product-specific DCIs (PDCIs) and generic DCIs (GDCIs) issued under pesticide reregistration or registration review can now be submitted to EPA using the portal:

- Acknowledgment of receipt of DCI (new DCIs issued after release of Phase 2 only)
- Initial 90-day response to DCI (new DCIs issued after release of Phase 2 only)
- Data submissions responding to DCI requirements (for all DCIs)

EPA will continue to accept DCI-response submissions via paper but encourages applicants to take advantage of this new, more efficient option.

During FY'16, the agency expended roughly \$193,645 on the portal development project; however, while it is a critical component for the IT infrastructure, the funding used to support this work was not drawn from the IT set-aside since it is not specifically listed as a PRIA 3 improvement in the statute. The portal development project involves enhancing the capability to review labels submitted with registration actions electronically.

The agency's payroll obligations charged against the Reregistration and Expedited Processing Fund to offset the cost of the reregistration and registration review programs and other authorized pesticide programs were approximately \$10,900,000 (supporting 84.8 work years). The Fund has two types of receipts: fee collections and interest earned on investments. Interest earned in FY'16 totaled \$17,653.76

Appropriated funds are also used in addition to Reregistration and Expedited Processing Fund dollars. In FY'16, the Enacted Operating Plan included approximately \$43,900,000 in appropriated funds for reregistration and registration review program activities. These funds supported 238.3 work years.

The table below provides a summary of the expenditures over a five-year period.

The EPA's FY'11 through FY'16 Expenditures from the FIFRA Reregistration and Registration Review Fund

For	Expenditures (in thousands) by Fiscal Year (FY)					
	2011	2012	2013	2014	2015	2016
Payroll	18,855.0	16,829.4	15,963.4	17,853.5	13,041.3	10,890.9
Contracts	1,837.4	2,068.0	549.6	3,429.3	4,508.4	2,096.8
IT Set-Aside	0.0	0.0	182.7	242.0	0.0	0.0
Other Expenses	1,561.8	1,434.8	358.0	2,365.7	2,646.3	1,206.1
Total	\$22,254.2	\$20,332.2	\$17,053.7	\$23,890.5	\$20,196.0	\$14,193.8

Impact of Maintenance Fees on Small Businesses

Section 33(k)(4)(B) requires the EPA to report on the number of small businesses (paying maintenance fees) that have 10 or fewer employees and annual average gross global revenues not exceeding \$2,000,000.

Companies with \leq \$2,000,000 in avg. annual gross global revenues and \leq 10 employees

# of companies	# of products per company	Average annual gross global revenues (in thousands)	Average # of employees
184	1	\$940 K	3.1
53	2	\$961 K	2.4
32	3	\$1,437 K	3.0
10	4	\$1,931 K	3.5
8	5	\$ 923 K	3.0

Section 4(i)(1)(F) provides for a 25% reduction in the maintenance fee for the first product of any small business with:

- (a) \leq 500 employees,
- (b) \leq \$10,000,000 in average annual gross global revenues, and
- (c) \leq 5 registered products.

In FY'16 the EPA granted this 25% reduction in maintenance fees on the first product for:

- 258 small businesses with 1 registered product,
- 72 small businesses with 2 registered products,
- 40 small businesses with 3 registered products,
- 19 small businesses with 4 registered products,
- 10 small businesses with 5 registered products.

All of the small businesses that submitted data indicating not more than 10 employees and not more than \$2,000,000 in average gross global revenues received the 25% fee reduction on their first product. Some small businesses that submitted data indicating more than 10 employees (but fewer than 500) and more than \$2,000,000 million in revenues (but less than \$10,000,000) also received the 25% fee reduction. The total amount of maintenance fees foregone in FY'16 by the granting of this 25% reduction on the first product's fee is \$346,332.