



Agricultural Chemical Response and Reimbursement Account (ACRRA)

ANNUAL REPORT

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Minnesota Department of Agriculture
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Executive Summary

The Agricultural Chemical Response and Reimbursement Account (ACRRA) provides financial assistance to eligible parties cleaning up agricultural chemical contamination. The ACRRA funds are administered by the Agricultural Chemical Response Compensation Board which consists of three representatives from the agricultural industry as well as the commissioners of the Minnesota Departments of Agriculture and Commerce.

Over its more than 35-year history, the ACRRA program has reviewed over 1,547 applications and reimbursed over \$60 million to help cover the cost of cleaning up agricultural chemical spills.

In Fiscal Year (FY) 2024, the board had four scheduled meetings to review applications, approving 36 applications for reimbursement. Of the 36 applications reviewed by the board, 11 were for new sites (initial applications) and 25 were subsequent applications due to ongoing cleanup activities. The total expended for applicant reimbursements or payments, cleanup activities, and abandoned sites was \$5,312,684. Administrative expenses were \$429,270.

During the fiscal year, the ACRRA program received revenues totaling \$7,308,765. This is \$2,537,927 higher than the \$4,770,838 total revenue received in FY23.

Introduction

The Agricultural Chemical Response and Reimbursement Account (ACRRA) program was created as part of the 1989 Minnesota Groundwater Protection Act to provide financial assistance for cleaning up incidents causing agricultural chemical contamination. The ACRRA program funds are administered by the Agricultural Chemical Response Compensation Board. The five-member board consists of representatives from agricultural chemical registrants, manufacturers/dealers, farmers, and the commissioners of the Minnesota Departments of Agriculture and Commerce.

The board determines the eligibility of applicants and whether costs submitted are eligible, reasonable, and necessary. The Minnesota Department of Agriculture's Pesticide and Fertilizer Management Division (PFMD) has several active programs for addressing agricultural chemical cleanups, including emergency, comprehensive, voluntary, and abandoned sites. Emergency releases occur suddenly, such as a valve failure, traffic accident, fire, or flood. The Emergency Response team at the Minnesota Department of Agriculture (MDA) has oversight of these cleanups. A site can be contaminated by agricultural chemical spills/releases over time and may be cleaned up under the oversight of one or more of the programs at various times.

The ACRRA program is funded by the collection of annual surcharges on pesticide and fertilizer sales and surcharges on applicator and dealer licenses. As a condition of obtaining a license or registration from the MDA, a person must pay the ACRRA surcharge. The revenue collected supports the ACRRA program operations. A decrease in surcharge rates occurred on January 1, 2024. Surcharge rates for Fiscal Year (FY)23 and FY24 are as shown in Table 1 below.

Table 1:

ACRRA Surcharge Category	ACRRA FY23 Surcharges	ACRRA FY24 Surcharges
Commercial & Non-Commercial Pesticide Licenses	\$25	\$25
Structural Pest Control Company Licenses	\$100	\$100
Agricultural Fertilizer Licenses (includes lawn service)	\$50	\$50
Pesticide Dealer License (ag and non-ag)	\$75	\$75
Fertilizer Tonnage	\$0.48/ton	\$0.32/ton
Pesticide Registration (percent of sales)	0.48%	0.32%
Out-of-State Pesticide Distributors (each site annually)	\$4,705	\$3,135

Background

The ACRRRA program is administered by ACRRRA staff. Duties performed by the staff include, but are not limited to, receiving and reviewing applications; coordinating with applicants, consultants, and Incident Response Unit (IRU) staff; recommending eligibility as well as making funding recommendations to the board based on statute and rule; developing legislative initiatives; fund financial forecasting; and program outreach.

The ACRRRA program ensures that agricultural chemical impacts on the environment are minimized by helping to defray the costs of cleaning up agricultural chemical spills. It is the responsibility of the ACRRRA staff to manage program resources effectively. Oversight of the corrective actions taken to clean up contamination is the responsibility of the IRU.

Since its inception, the ACRRRA program has disbursed over \$60 million to cover eligible corrective action clean-up costs. The MDA commissioner sets the surcharge rate to maintain a minimum balance of \$2 million and an upper balance of \$6.5 million.

Incident Response Program Status

As of the end of FY24, there were 41 comprehensive and 85 voluntary sites that were actively being worked on by IRU staff. The number of voluntary sites that entered the Agricultural Chemical Voluntary Investigation and Cleanup (AgVIC) program in FY24 included seven new sites, and five voluntary project files were closed by IRU staff in FY24.

The types of sites currently active in the comprehensive and voluntary programs include former and currently operating agricultural chemical retail facilities, pesticide manufacturing facilities, a plant and tree nursery, wood treating facilities, and several golf course conversions.

Financial Report

REVENUES:

The ACRRA program revenues totaled \$7,308,765 in FY24. This is \$2,537,927 higher than the FY23 revenues. Revenue includes investment earnings and surcharges collected through June 2024.

The fund balance was \$2,135,000 at the end of FY22; \$4,736,472 at the end of FY23; and. \$6,303,283 at the end of FY24. The ACRRA staff has been monitoring the fund balance since statute requires it to remain within the minimum (\$2 million) and maximum (\$6.5 million) amounts. After a public hearing, the commissioner of agriculture determined that the ACRRA surcharge rates needed to be lowered in 2024. With the decrease in revenues, the fund balance is predicted to decrease in FY25.

Reimbursement applications are unpredictable, but the ACRRA staff anticipates strong numbers of cleanup projects going forward with IRU fully staffed and engaged in cleanups. The board approved reimbursement of 36 applications in FY24. Of the 36 applications reviewed by the board, 11 were new applications and 25 were subsequent applications. Of these 36 applications, 26 were for voluntary site clean-ups, nine were comprehensive, and one was an emergency incident.

In FY24, direct payment to contractors for cleanup of abandoned sites totaled \$65,314 and the reimbursements to applicants totaled \$4,572,747.

In FY24, the total amount expended for applicant reimbursements or payments, cleanup activities, and abandoned sites was \$5,312,684. Administrative expenses, including the ACRRA and IRU staff, were \$429,270. Total expenditures were \$5,741,954.

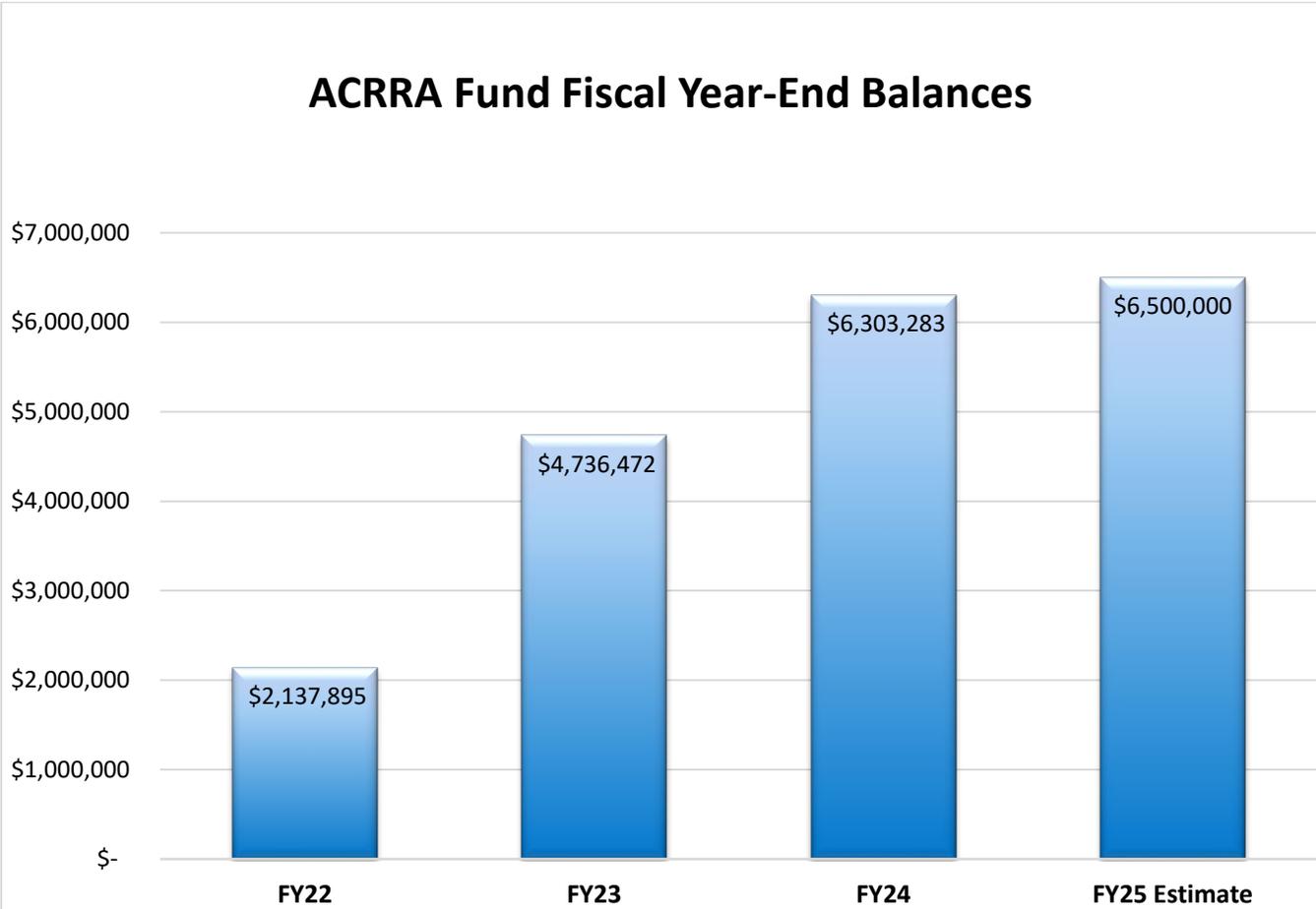
Statement of Revenues, Expenditures, and Fund Balance

Minnesota Department of Agriculture

Agricultural Chemical Response and Reimbursement Account

	% FY24	FY24	FY23
REVENUES			
Surcharge on License/Authorization	6%	\$456,595	\$440,812
Surcharge on Tonnage/Product Registration	90%	\$6,564,389	\$4,212,688
Investment Earnings	4%	\$287,781	\$117,388
Total Revenues	100%	\$7,308,765	\$4,770,838
EXPENDITURES			
Reimbursement and Clean-up Costs		\$5,312,684	\$1,732,982
Administrative Expenditures (ACRRA)		\$272,671	\$273,475
Administrative Expenditures (IRU)		\$156,599	\$162,909
Total Expenditures		\$5,741,954	\$2,169,366
Fund Balance Beginning of Year		\$4,736,472	\$2,787,334
ENDING FUND BALANCE		\$6,303,283	\$4,736,472

ACRRA Fund Fiscal Year-End Balances



Former Esselman's Store, Mayhew Lake Township

The former Esselman's Store (Site) operated as an agricultural chemical facility in Mayhew Lake Township from 1976 to 2003 by Robert and Donna Esselman. Robert Esselman passed away in 2003 and Donna Esselman is the remaining Responsible Party for this Site. In 2003, the Site was sold and is now operated as a trucking business. Pesticide and fertilizer contamination were identified in soil and groundwater at the Site. Petroleum contamination is also present in both soil and groundwater, which is being investigated through Minnesota Pollution Control Agency (MPCA) programs.

In 2016, the Responsible Party's (RP) representative informed the MDA and the MPCA that the RP was financially unable to proceed with either the agricultural chemical or the petroleum investigations and corrective actions.

Water samples have been collected from 14 drinking wells within Mayhew Lake Township since June 2012. Agricultural chemical contamination above the Minnesota Department of Health (MDH) drinking water guidelines has been identified in six of the 14 drinking water wells sampled; MDH well advisories have been issued for all six of the wells. Four of the six agricultural chemical contaminated drinking water wells receive bottled water from the MDA. The other two wells are also contaminated with petroleum compounds and have had water treatment systems installed by the MPCA. Monitoring costs for both the drinking and supply wells are shared annually between the MPCA and MDA for consulting, reporting, and field supplies.

In FY22, the MDA conducted a limited investigation of selected areas of the Site, primarily under structures, that had yet to be fully delineated for sources of soil and groundwater contamination. This involved the completion of 24 soil borings, three temporary monitoring wells, and three soil vapor probes.

During FY23 and FY24, the MDA continued to sample the monitoring well network and selected residential wells to provide additional data on the nature and extent of agricultural chemical contamination in the shallow and deep groundwater of the Site. Analysis from well monitoring has shown increasing levels of nitrogen concentration in some wells.

As a result of the FY22 limited investigation, the extent of subsurface soil contamination at the Site has been delineated and potential corrective actions are being evaluated for areas beneath the former pesticide dike location and beneath the former dry fertilizer building. The current owner of the Site has stated they may be willing to sell the property in approximately three years; at which point, the MPCA would be able to purchase the Site for remediation.

To better understand the MDA's potential long-term costs of this project, the MDA will continue to work with the MPCA to develop corrective actions and cost-sharing for the Site. Work conducted through MPCA programs is being funded by Petrofund.

Agricultural Chemical Response Compensation Board Members

Chair, Jeff Wheeler

Representing Agricultural Chemical Retailers

Vice Chair, Janet Hou

Representing Agricultural Chemical Manufacturers and Wholesalers

Member, Michael Skaug

Representing Farmers

Member, Joel Fischer

Delegate for the Commissioner of the Minnesota Department of Commerce

Member, Peder Kjeseth

Delegate for the Commissioner of the Minnesota Department of Agriculture

ACRRA Staff

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This report was prepared on behalf of the
Agricultural Chemical Response Compensation Board and the Commissioner of Agriculture for:

Minnesota Environmental Quality Board
House Committee on Ways and Means
House Agriculture Policy Committee
House Environment, Natural Resources and Agriculture Finance
Senate Environment, Economic Development and Agriculture Committee
Senate Jobs, Agriculture and Rural Development Committee
Senate Committee on Finance