

# Implementing the Pesticide Registration Improvement Act - Fiscal Year 2015

## Twelfth Annual Report



*March 1, 2016*

## Pesticide Registration Service Fees

### Paying Fees

Each of the 189 fee categories under PRIA 3 has a specific fee and a decision review time frame. The EPA’s tracking system assigns a decision number to each action or item that requires a decision and consequently counts “decisions” rather than applications. Guidance describing the type of application covered by each fee category is available on the [Fee Determination Decision Tree](#) for inexperienced applicants, a [PRIA 3 fee table](#) for experienced applicants, and a [PDF table](#) that can be printed and used as a hardcopy reference.

The agency encourages registration applicants to pay their fees by credit card or wire transfer using the Department of Treasury Department’s pay.gov system. As of June 1, 2015, Treasury no longer accepted credit card payments above \$25K, and any payments above this amount must be made by electronic funds transfer (ACH). PayPal and Dwolla were added as payment options in May but have a maximum payment amount of only \$10K. Moreover, Treasury recently mandated the closure of EPA lockboxes by the end of FY’ 15 which eliminated check payments for both PRIA and maintenance fees.

| Fiscal Year | Payments Received through Pay.gov | Decisions Involving Pay.gov Receipts | % of Payments Rec’d through Pay.gov |
|-------------|-----------------------------------|--------------------------------------|-------------------------------------|
| 2011        | \$6,478,627                       | 1,165                                | 68%                                 |
| 2012        | \$7,715,690                       | 1,158                                | 73%                                 |
| 2013        | \$8,145,942                       | 1,535                                | 77%                                 |
| 2014        | \$9,061,406                       | 1,605                                | 76%                                 |
| 2015        | \$11,230,283                      | 1,622                                | 81%                                 |

Under Section 33(b)(2)(D), the fee is due upon submission of the application. Section 33(b)(2)(F) directs the agency to reject any application submitted without the required registration service fee. If certification of payment is not received within 14 days, the agency will reject the application and invoice the registrant for 25% of the appropriate fee.

| Fiscal Year | Applications Rejected for Non-payment |
|-------------|---------------------------------------|
| 2011        | 17                                    |
| 2012        | 0                                     |
| 2013        | 0                                     |
| 2014        | 0                                     |
| 2015        | 0                                     |

### Funds Management

Section 33(c) of PRIA established the Pesticide Registration Fund. Congress established this fund in the Treasury of the United States to carry out the provisions of PRIA. All registration service fees received by the EPA are deposited into this fund, and expenditures from the fund can cover costs associated with review and decision-making for applications for which registration service fees have been paid. Since October 2007, fees have been deposited into an

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account maintained by the U.S. Bank in St. Louis, Missouri, which informs the agency when a payment is received. However, the Department of Treasury recently terminated the bank's contract as of the end of FY'15.

The PRIA decision review time period begins 21 days after both the application and the appropriate payment have been received (or after a fee waiver has been granted). On average, the EPA is informed of the receipt of a payment within 7 days of receipt by the bank, as in past fiscal years.

### **Fee Collections and Expenditures<sup>1</sup>**

During FY'15, the agency received \$17.879 million in new registration service fees, and after subtracting \$824,938 in refunds for overpayments and withdrawals, the net receipts were \$17.054 million as of September 30, 2015. The agency spent approximately \$15.65 million in FY'15. The table below provides a summary of the expenditures over a five year period.

Under Section 33(c), interest earned and added to the PRIA Registration Fund is available to the agency for spending. Interest in FY'15 totaled \$1,243.35.

#### **The EPA's FY 2011 through FY 2014 Expenditures from the Pesticide Registration Fund**

| For                      | Expenditures (in thousands) by Fiscal Year (FY) |                   |                |                   |                   |
|--------------------------|---|-------------------|----------------|-------------------|-------------------|
|                          | 2011  | 2012              | 2013           | 2014              | 2015              |
| <b>Payroll</b>           | \$7,595.2                                       | \$7,353.8         | \$2,787.6      | \$9,879.6         | \$9,816.5         |
| <b>Contracts</b>         | \$4,561.6                                       | \$2,950.3         | 3,992.0        | \$3,044.6         | \$3,197.3         |
| <b>Worker Protection</b> | \$2,000.0                                       | \$2,000.0         | 2,000.0        | \$2,000.0         | \$2,000.0         |
| <b>Other Expenses</b>    | \$168.8   | \$1,055.3         | 997.1          | \$1,251.8         | \$641.3           |
| <b>Total</b>             | <b>\$14,325.6</b>                               | <b>\$13,359.4</b> | <b>9,776.7</b> | <b>\$16,176.0</b> | <b>\$15,655.1</b> |

Approximately 80% of the Pesticide Program's active contracts or work assignments were performance-based, as in FY'14 per FIFRA Section 33(k)(2)(A)(vii). Performance-based contracts tend to be contracts with routine and predictable work assignments. Areas covered by these contracts include information management, review and characterization of hazard and exposure data and risk assessments. In addition to the PRIA Pesticide Registration Fund, the registration program spent about \$34.2 million from appropriated funds.

<sup>1</sup> Resources reflect actual allocations from the agency. A balance is carried forward to fund personnel and contractor support for applications with multi-year time frames and for which some or most of the work is performed in the next fiscal year.

PRIA 3 mandated programs totaled \$2.0 million in FY'15. These mandated programs included worker protection (\$1.0 million), partnership grants (\$0.5 million), and the Pesticide Safety Education Program (\$0.5 million). The percentage of expenditures going to the mandated programs was 12% in FY'15, equivalent to FY'14. The agency also continued to invest in upgrading its information management systems to track compliance with the PRIA review time frames, to meet reporting requirements, and to implement PRIA 3 requirements. "Other Expenses" went primarily to pay for *Federal Register* printing costs associated with PRIA registrations.

### **Waivers of and Exemptions from Registration Service Fees**

PRIA Section 33(b)(7) authorizes the agency to reduce or exempt the registration service fee for certain situations. The maximum fee reduction for small businesses with less than \$10 million per year in global gross pesticide sales is 75% of the fee. A portion of all fees (25%) is non-refundable. A 50% reduction in the fee may be granted for a small business with less than \$60 million in annual global gross pesticide sales. Section 33(b)(7) also provides an exemption from a registration service fee for applications from Federal or State agencies and for applications solely associated with a tolerance petition submitted in connection with the Inter-Regional Project Number 4 (IR-4) that is in the public interest.

In FY'15, the agency granted 285 fee waivers and exemptions, denied 4, and 1 was withdrawn as shown in the following table.

| <b>FY 2015 Fee Waiver or Exemption Requests</b> |                 |                |               |                  |
|---|-----------------|----------------|---------------|------------------|
| <b>Waiver Type</b>                              | <b>Received</b> | <b>Granted</b> | <b>Denied</b> | <b>Withdrawn</b> |
| <b>75% Small Business</b>                       | 179             | 176            | 3             | 0                |
| <b>50% Small Business</b>                       | 77              | 75             | 1             | 1                |
| <b>IR-4</b>                                     | 26              | 26             | 0             | 0                |
| <b>Minor Use</b>                                | 0               | 0              | 0             | 0                |
| <b>Federal/State</b>                            | 8               | 8              | 0             | 0                |
| <b>Total</b>                                    | <b>290</b>      | <b>285</b>     | <b>4</b>      | <b>1</b>         |

The average number of days required to grant a fee waiver in FY'15 was less than in FY'14 (24 versus 39 days). The average time to deny a waiver in FY'15 (42 days) was slightly less than in FY'14 (44 days).

The total fees waived and exempted in FY'15 was \$7.0 million, almost \$2.0 million less than in FY'14. There was a significant decrease in IR-4 waiver amounts (\$3,200K) but a small increase in Federal/State waiver amounts (\$800K). IR-4 exemptions accounted for the majority (63%) of the amount waived or exempted. The amount exempted is based on the full fee for the fee category of the application. We do not consider further whether the application may have qualified for a discretionary refund or fee reduction under Section 33(b)(8)(C) when data previously reviewed for another application was considered. Some of the IR-4 associated applications involved establishing tolerances based on information previously reviewed for another crop.

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**Amount in Fee Waivers and Exemptions by Fiscal Year of Receipt and Type (in \$1,000)**

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| Fiscal Year/Type | Small Business | IR-4    | Federal/State Agencies | Minor Use Waiver or Exemptions | Total   |
|------------------|----------------|---------|------------------------|--------------------------------|---------|
| FY'11            | \$970.5        | \$8,329 | \$629.5                |                                | \$9,929 |
| FY'12            | \$1,007        | \$6,637 | \$76                   |                                | \$7,720 |
| FY'13            | \$1,605        | \$3,895 | \$43                   |                                | \$5,543 |
| FY'14            | \$1,304        | \$7,611 | \$56                   |                                | \$8,971 |
| FY'15            | \$1,743        | \$4,417 | \$861                  |                                | \$7,021 |

### **Fee Reductions**

Section 33(b)(8)(C) authorizes the EPA to issue discretionary refunds, including instances where the agency had completed portions of the review of an application before March 2004. For fees required for pending new active ingredients and for applications pending prior to March 2004 where the registrant offered to pay the registration service fee voluntarily, the agency applied this refund provision as a credit toward the registration application service fee. In FY'15, no voluntary payments were received.

Under Section 33(b)(8)(C), the agency has discretionary authority to issue a partial refund (up to 75%) of the registration service fee on the basis that, in reviewing the application, the agency has considered data submitted in support of another pesticide registration application. Some discretionary refunds are routine and are applied at the time of submission. Guidance on these refunds is available on the PRIA 3 Web page. The agency made discretionary refunds of \$606,308 in FY'15. In addition, we granted \$285,706 in fee reductions during FY'15 for secondary new product and amendment applications.