

ARKANSAS SOYBEAN PROMOTION BOARD

Enabling Laws

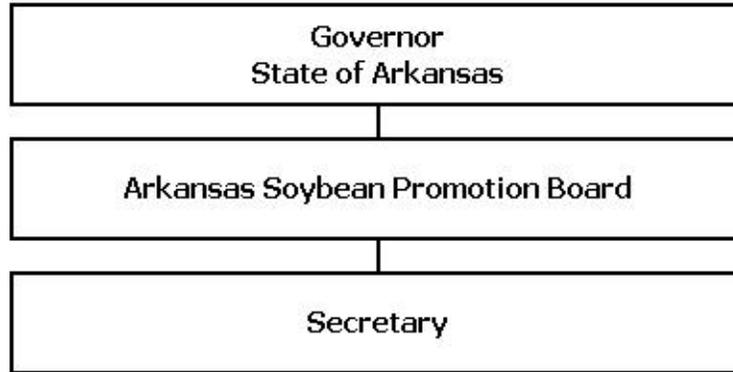
Act 167 of 2012
A.C.A. §2-20-404 et seq.

History and Organization

The Arkansas Soybean Promotion Board was established by Act 259 of the 1971 General Assembly to provide soybean producers in Arkansas an organization through which they can work for the improvement of the soybean industry. That legislation created a nine-member board appointed by the Governor from nominations submitted by certain soybean-related organizations to administer the program. It is the responsibility of the Board to plan and conduct a program of research, promotion and market development to foster the growth and development of the Arkansas soybean industry.

Initial legislation established an assessment rate of ¼ cent per bushel on all soybeans produced in Arkansas with an automatic escalation to ½ cent per bushel after a specified period of time. Subsequently, Act 355 of 1979 increased the assessment to one cent per bushel and Act 102 of 1989 increased the assessment rate to two cents per bushel.

Federal legislation enacted in 1990 established a national, coordinated program that preempted the State program. Approved by U.S. producers in a referendum, the National Soybean Check Off Program replaced the Arkansas assessment with a standard assessment of one-half of one percent of the net market value of all soybeans sold. One-half of all collections on soybeans produced in Arkansas are remitted to the National United Soybean Board to fund programs that are national and international in scope. The remaining one-half of the collections remain in Arkansas to be administered by the Arkansas Soybean Promotion Board and are used to fund soybean-related research, extension, promotion and market development activities. As provided for in the national legislation in October 1995, all refund provisions for the assessment were discontinued.



Agency Commentary

The Arkansas Soybean Promotion Board Budget is funded entirely by special revenues collected from an assessment on all soybeans produced in Arkansas. The assessment rate is one-half of one percent of the net market value for soybeans sold. Because the price of soybeans has increased dramatically in recent years, the agency's revenues have also increased accordingly. A very limited amount of funds is allocated each year for administrative and Board related expenses, while most of the request is in categories that will allow funding of programs directly related to the objectives of the Board.

In addition to Base Level, the Board requests an increase in appropriation of \$3,899,000 for each year of the 2013-2015 biennium to account for carry over and anticipated revenue due to both increase in price and acreage. The request includes \$30,500 increase in Operating Expenses, \$1,000 increase in Professional Fees and \$3,867,500 increase in Research/Development. This is needed to accommodate an increase in projected expenditures based on the high price of soybeans and increasing acreage of soybeans in Arkansas. The Board is required to remit 50% of collections to the United Soybean Board by federal act and order. Appropriation is used for these payments and payments on collections for beans sold in Arkansas but grown in other states.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS SOYBEAN PROMOTION BOARD
 FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %

Analysis of Budget Request

Appropriation: 026 - Arkansas Soybean Board

Funding Sources: SBB - Arkansas Soybean Promotion Fund

The purpose of the Arkansas Soybean Promotion Board is to support the growth and development of the soybean industry in Arkansas. This appropriation is primarily used to fund a program of research through the University of Arkansas Agricultural Experiment Station, although a small portion is used for administration and for other programs designed to enhance the Arkansas soybean industry.

Funding for the Board is derived entirely from special revenue collected from an assessment of one-half of one percent of the net market value of soybeans sold in Arkansas. Because crop prices have increased significantly in recent years, the agency's revenue has increased from approximately \$4.4 million in FY2008 to approximately \$6 million in FY2009 through FY2011 to approximately \$7 million in FY2012.

Base Level includes \$8,101,000 each year of the biennium.

The Agency Change Level Request includes additional special revenue appropriation of \$3,899,500 each year for the following:

- \$30,500 in Operating Expenses for increased wireless telecommunications services and board member travel.
- \$1,000 in Professional Fees for increased professional and administrative fees.
- \$3,867,500 in Research Development for improvement of the Arkansas soybean industry.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 026 - Arkansas Soybean Board
Funding Sources: SBB - Arkansas Soybean Promotion Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	13,418	30,000	30,000	30,000	60,500	60,500	30,000	60,500	60,500
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	581,986	1,000	1,000	1,000	2,000	2,000	1,000	2,000	2,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Research/Development	5900031	7,415,170	8,070,000	8,070,000	8,070,000	11,937,500	11,937,500	8,070,000	11,937,500	11,937,500
Total		8,010,574	8,101,000	8,101,000	8,101,000	12,000,000	12,000,000	8,101,000	12,000,000	12,000,000
Funding Sources										
Fund Balance	4000005	2,472,705	1,797,331		1,220,331	1,220,331	1,220,331	4,119,331	220,331	220,331
Special Revenue	4000030	7,335,200	7,524,000		11,000,000	11,000,000	11,000,000	7,101,000	7,101,000	7,101,000
Total Funding		9,807,905	9,321,331		12,220,331	12,220,331	12,220,331	11,220,331	7,321,331	7,321,331
Excess Appropriation/(Funding)		(1,797,331)	(1,220,331)		(4,119,331)	(220,331)	(220,331)	(3,119,331)	4,678,669	4,678,669
Grand Total		8,010,574	8,101,000		8,101,000	12,000,000	12,000,000	8,101,000	12,000,000	12,000,000

Change Level by Appropriation

Appropriation: 026 - Arkansas Soybean Board
Funding Sources: SBB - Arkansas Soybean Promotion Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	8,101,000	0	8,101,000	100.0	8,101,000	0	8,101,000	100.0
C01	Existing Program	3,899,000	0	12,000,000	148.1	3,899,000	0	12,000,000	148.1

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	8,101,000	0	8,101,000	100.0	8,101,000	0	8,101,000	100.0
C01	Existing Program	3,899,000	0	12,000,000	148.1	3,899,000	0	12,000,000	148.1

Justification

C01	Agency requests \$3,899,000 in additional special revenue appropriation. \$30,500 increase in Operating Expenses, \$1,000 increase in Professional Fees and \$3,867,500 increase in Research/Development. This is needed to accommodate an increase in projected expenditures based on the high price of soybeans and increasing acreage of soybeans in Arkansas.								
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