

ARKANSAS SOYBEAN PROMOTION BOARD

Enabling Laws

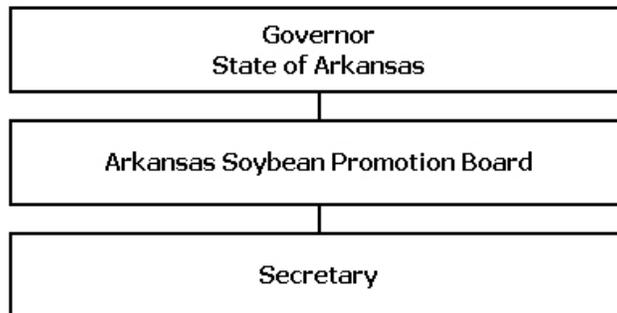
Act 7 of 2007
A.C.A. §2-20-404 et seq.

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 $\frac{1}{4}$ cent per bushel on all soybeans produced in Arkansas with an automatic escalation to $\frac{1}{2}$ 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 significantly. The additional appropriation included in the Agency Request will enable the agency to utilize the increased projected fund receipts for programs designed to enhance the Arkansas soybean industry. 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.

The Agency Request for the 2009-2011 biennium includes a continuation of the Base Level of \$4,410,000 each year of the biennium, as well as the following:

- Operating Expenses - Increase of \$17,800 each year of the biennium
- Professional Fees - Decrease of \$2,000 each year of the biennium
- Research and Development -Increase of \$3,675,200 each year of the biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS SOYBEAN PROMOTION BOARD

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	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

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Filled	Unfilled			Total	Total	Filled	Unfilled	
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 projects revenue receipts to increase from approximately \$4.4 million in FY2008 to approximately \$7 million in FY2010 and FY2011.

The Agency Request for the 2009-2011 biennium includes Base Level of \$4,410,000 each year as well additional appropriation of \$3,691,000. This additional appropriation will provide the agency with enough appropriation to utilize the significant increase in projected revenues. The Agency Change Level Request includes the following:

- Operating Expenses: \$17,800 each year of the biennium to cover increases in administrative costs. This amount includes a reallocation of \$2,000 from the Professional Fees line item.
- Professional Fees: Decrease of \$2,000 each year of the biennium to reallocate to the Operating Expenses line item to properly classify expenses.
- Research and Development: \$3,675,200 each year of the biennium to enable the agency to utilize the projected increase in revenues for additional research and extension projects.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	8,962	12,200	12,200	12,200	30,000	30,000	12,200	30,000	30,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	450	3,000	3,000	3,000	1,000	1,000	3,000	1,000	1,000
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	4,157,283	4,394,800	4,394,800	4,394,800	8,070,000	8,070,000	4,394,800	8,070,000	8,070,000
Total		4,166,695	4,410,000	4,410,000	4,410,000	8,101,000	8,101,000	4,410,000	8,101,000	8,101,000
Funding Sources										
Fund Balance	4000005	1,538,364	1,750,736		2,540,736	2,540,736	2,540,736	5,130,736	1,439,736	1,439,736
Special Revenue	4000030	4,379,067	5,200,000		7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Total Funding		5,917,431	6,950,736		9,540,736	9,540,736	9,540,736	12,130,736	8,439,736	8,439,736
Excess Appropriation/(Funding)		(1,750,736)	(2,540,736)		(5,130,736)	(1,439,736)	(1,439,736)	(7,720,736)	(338,736)	(338,736)
Grand Total		4,166,695	4,410,000		4,410,000	8,101,000	8,101,000	4,410,000	8,101,000	8,101,000

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	4,410,000	0	4,410,000	100.0	4,410,000	0	4,410,000	100.0
C01	Existing Program	3,691,000	0	8,101,000	183.7	3,691,000	0	8,101,000	183.7
C04	Reallocation	0	0	8,101,000	183.7	0	0	8,101,000	183.7

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	4,410,000	0	4,410,000	100.0	4,410,000	0	4,410,000	100.0
C01	Existing Program	3,691,000	0	8,101,000	183.7	3,691,000	0	8,101,000	183.7
C04	Reallocation	0	0	8,101,000	183.7	0	0	8,101,000	183.7

Justification

C01	The total increase of \$3,691,000 will enable the agency to utilize projected increases in revenue receipts due to rising soybean prices. The request includes \$3,675,200 for Research and Development program expenses and \$15,800 for increased Operating Expenses.
C04	The Agency Request includes a reallocation of \$2,000 from Professional Fees to Operating Expenses to better align the budget with agency needs.