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May 23, 2023

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The Honorable David Alvarez
Chair, Joint Legislative Audit Committee
1020 N. Street, Suite 107
Sacramento, CA 95814

Assemblymember Alvarez:

This letter is to respectfully request the Joint Legislative Audit Committee (JLAC) authorize an audit of the Department of Pesticide Regulation (DPR). In particular, the request is focused on the pesticide registration process and the mill assessment funds the department levies on pesticide sales.

DPR registers products designed to promote human health, food safety, animal health, and pest management in homes and workplaces before they can enter the market. Registrants have increasingly raised concerns around significant product registration delays through DPR. It is my hope the audit will identify efficiencies that could improve the DPR registration branch operations. DPR recently raised registration fees in order to support application evaluations and was already home to the highest registration fees in the nation. As these funds are collected, it is important to ensure they are being expended appropriately.

In the 2021 22 budget, DPR received funding to implement an electronic registration system known as California Pesticide Electronic Submission Tracking (CalPEST) system to replace the existing paper-based pesticide registration process. In prior years, DPR attempted to build an electronic system, however it never came to fruition. In March 2013, DPR began an initiative to implement "The Pesticide Registration Data Management System (PRDMS)" and put out a Request for Proposal (RFP) in 2015. It is therefore important to verify DPR is on track to fully implement the new CalPEST system which could be important for addressing some of the registration delays.

DPR is funded through a "mill assessment," which is a fee levied on all pesticide sales. In late 2022, it was announced that online retailer Amazon would pay \$3.69 million in unpaid mill assessments and related late penalties. While bringing a major retailer into compliance is a positive development, it is unclear if the department is identifying illegal sales more broadly, and therefore under-collecting funds. Under collection of mill assessment funds has been identified as a concern in the past, and an audit could provide clarity on this consequential issue.

The mill assessment is an important funding stream for the operation of the department's work protecting the safety of Californians as it relates to pesticide use. As such, it is important to also understand how these funds are being distributed among DPR's programs.

Accordingly, I am respectfully request the auditor consider the following questions relative to the scope of the audit:

1. *Is the registration branch sufficiently staffed and trained to carry out its duties?*
2. *Are timeframes for completion of registration reasonable and predictable for registrants?*
3. *Are some product timeframe types or categories delayed longer than others? If so, are any product types of categories that are important to public health or the food experiencing long delays in registration that would delay their entry into the market?*
4. *Does the department have an effective process to identify when there are major delays in application processing and rectify them?*
5. *Does the department have an effective registration tracking system?*
6. *Is the California Pesticide Electronic Submission Tracking (CalPEST) system on track to meet deployment goals? Is the system on track to stay within the planned budget?*
7. *Outside of CalPEST completion, are there efficiencies the department could implement to reduce delays and increase the timeliness and predictability of the registration timeframes to completion?*
8. *How does the department intend to streamline the revised market label review and approval process and when?*
9. *Is the department efficiently tracking extralegal pesticide sales to mitigate nonpayment of the mill assessment?*
10. *What programs does the mill assessment currently fund?*
11. *Are current registration fees sufficient to pay for the registration process? If not, could the registration branch benefit from mill funds?*
12. *Review and assess any other issues that are significant to the audit.*

Thank you for your time and consideration of this request. For more information or any questions please contact Hayley Fernandes in my office at 916-651-4201.

Sincerely,

A large black rectangular redaction box covering the signature of the sender.

Senator Roger W. Niello