



July 16, 2019 Board of Directors Meeting Minutes Crooked Pint, Maplewood, MN 55117 651-252-6500

The following were in attendance:

Stephen Kells: University of Minnesota
Matthew Eickman: Abra Kadabra
Dr. Mohammed El Damir: Adam's Pest Control
Todd Leye: Adam's Pest Control
Erin Smilanich: Minnesota Department of Agriculture
Bob Hansen: Bob the Bug Man
Larry Ruffedt Sr.: Westside Pest Control
Larry Ruffedt Jr.: Westside Pest Control
Rob Greer: Rove Pest Control
Kathy Watrin: Granite Pest Control
Staci Johnston: Ecolab
Caroline Kirby: Plunketts Pest Control
Tiana Molitor: University of Minnesota
Calla Morrissey: University of Minnesota
Mike Fresvik: Minnesota Pest Management Association

2019 MPMA President Staci Johnston opened the meeting at 11:30 AM, calling for any old business, being none, she opened the meeting to new business.

MPMA President Staci Johnston asked for a roll call of those present.

Erin Smilanch: Minnesota Department of Agriculture

Erin discussed new applicator license procedures impacting the Structural Pest Control Industry in Minnesota.

New procedures include the issuance of a temporary license at the time the applicator takes and passes the examination. The temporary license is good for 30 days or until the hard license card is received in the mail, whichever occurs first. At this time, temporary licenses are only issued to applicants that test at the Minnesota Department of Agriculture St. Paul office.



Certain criteria need to be met in order to receive the temporary license.

Payment must be received in full. This means that the payment and completed application forms have been received and processed through the Cashier's Office prior to the exam. Online payment at least a week prior is the best option to assure that the payment and processing are completed before the exam is administered.

Application must be filled out correctly with no missing or incorrect information.

Applicants must pass Category A and one other category. If testing in Category B applicants must also test and pass a third category.

Again, applicants must have tested in the St. Paul location. This is the only location where the temporary license can be issued at the present time.

Erin next discussed the question of Structural Pest Control applicators adding new licensing categories. She explained structural applicators that were grandfathered into the Structural Pest Control Category did not take the Core A exam. Thus, if a grandfathered structural applicator wants to obtain new licensing categories such as E or P, they must take and pass the A category exam.

The law dictates this requirement, and MDA complies to that law.

Any questions relating to the above information should be directed to pesticide.testing@state.mn.us or call 651-201-6633.

Dr. Stephen Kells: University of Minnesota

Dr. Kells opened the discussion with an introduction of two entomology students, Tiana Molitor and Calla Morrissey.

Dr. Kells then discussed the upcoming 2020 Minnesota Structural Pest Control Management Conference. Because of a conflict, the 2020 Conference dates are March 9 & 10 at the Minneapolis Convention Center.

The plan is to offer on line training for individuals that are unable to attend the March 9 & 10 Conference dates. Please see the below information from our April 2019, Board Meeting that relates to on line training.



Dr. Kells then presented information relating to online options for conference attendance. There are methods to present conference subject matter online. The difficult factor is to ensure proper compliance.

A question was raised, who would be eligible to use the online training option in lieu of attending the conference? At this point in the discussion of online training, any licensed applicator would be eligible, location in the state would have no bearing on eligibility.

Several in attendance expressed concern about moving forward with the online training option. No target date has been set for implementation of an online training option.

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The Structural Pest Management new manual should be available shortly. The Structural Pest Control Applicator (SPCA) manual has both Journey and Master information together with Journeyman covered in the first half and Master covered in the entirety of the manual. There will no longer be a need to buy additional manuals.

Larry Ruffedt asked the question concerning 2019 honey bee investigations relating to pesticide use. Dr. Kells was not aware of specific cases, but did mention that the University of Minnesota Bee Laboratory was active.

Mike Fresvik mentioned that he will contact the appropriate staff at the Minnesota Department of Agriculture for a status report on current bee kill investigations.

Minnesota Sales Tax: Todd Leyse

MPMA received the following question from a member.

I have been running my wildlife removal company for 11 years now, just got my Masters license for pest control but don't apply pesticides- just use my license for mouse and rat bait stations. I am currently in an audit with the State of Minnesota for Sales tax on services that we provide. They are claiming that we need to pay sales tax on exclusion work. Have any members brought this up in the past? Has anyone followed through and gone to litigation court to resolve this? for mouse exclusions we are making real home repairs and according to that law we don't have to pay sales tax.

After a lengthy discussion, Todd Leyse agreed to email a response. I believe Todd's below response may be of value to other MPMA members.



A little background for you...

Around 1992 (?), in a deal about 10 minutes to midnight, the Minnesota Legislation passed a last second amendment taxing pest control in Minnesota. Prior to that, we were non-taxable. It is still non-taxable in 3 of 4 surrounding states. This is consider a tax on our outputs.

Also prior, we had to pay tax on our inputs - the materials we buy. Generally speaking this is considered bad practice - to tax companies on their inputs and outputs. Manufacturers don't. The government collects the most tax by collecting on the outputs. Often, in manufacturing, materials are purchased, and if taxed, then made into something, taxed again, sold to someone else, assembled into something else, taxed again, etc., it can add up.

So MPMA lobbied to eliminate taxes on our inputs. It took a few years (1997?), but the legislature agreed. We still have to pay taxes for oil changes, batteries, etc., but not on the materials used to provide the service which is taxable.

I explain all this because I personally think your exclusion service is taxable. If you write it up that you are excluding bats, mice, squirrels, etc., you are providing a pest control service. If you are sealing up a house for energy efficiency, not pest control. If you are guaranteeing no squirrels for 6 months, you are performing pest control.

Most of the companies present, including ours, charges and pays sales tax on exclusion work.

Let me tell you another story. We were recently audited. My 3rd, or 4th audit, in 23 years. We provide a drain cleaning service. That service is non-taxable. We actually create separate orders for them, fill them out separately, and charge them separately. The auditor said it was taxable, but drain cleaning services are not. He stuck to his position. This would have cost us over \$11,000 - that's money we did NOT collect from our customers, like you I presume.

I showed him the products we use - they don't mention flies at all. They are bacteria for cleaning the drains. They don't kill anything. I argued it with the auditor. He said he'd talk with his supervisor. He came back still wanting to charge us, even after talking to his supervisor. One of his comments was "You are a pest control company, not a drain cleaning company" and I said "I can be a pest control company by name, and 90% of my services can be pest control, but if I do one drain cleaning, it is non-taxable." He saw my point, but obviously still didn't agree. It wasn't until I told him go ahead and charge us, I'll appeal - that's when he backed off.

He reviewed every invoice of our drain cleaning service. If we mentioned flies, mice, etc. or used any materials that weren't for cleaning drains, he charged us tax. We wound up paying ~\$600 in tax. Far better than \$11,000. That could be an angle you try, if you have the documentation written in a way to support your services weren't pest related.

And the final note is this... if you were paying tax on your inputs (caulk, sealants, mesh, and other consumables), you didn't need to. You can produce those receipts and offset some of the tax you owe.



Put another way, let's say you charged \$100,000 and you owe 7% on average, which is \$7,000 in tax. But your materials were 10% of sales and you bought them all Menards and paid tax. That means you spend \$10,000, and paid about \$700 in sales tax. You can reduce your tax bill from \$7,000 to \$6,300... more than covering your MPMA membership fees! :)

One last thing - Larry Ruffedt Sr of Westside Pest Solutions claims he called the Minnesota Department of Revenue on two different occasions and asked about exclusion services and both times was told they are NOT taxable. Regrettably he doesn't know who he talked to and didn't document when, but you might call over there, perhaps even record the call, and if you get a response positive to your position, ask that it be put in writing to you. Meanwhile - try to delay your auditor from finalizing things.

Larry further added that an attorney he spoke with said you need to send a "Revenue Notice" to the state to request the official ruling, and that ruling might only apply to you - not to the industry in general.

I hope this helps. Let us know how this all develops.

MPMA thanks Todd for taking the time to provide this information.

Minnesota Bat Control: Matthew Eickman

Matthew reviewed the present situation in Minnesota relating to bat control. Individuals doing bat control are using exclusion and or trapping. There are no pesticides registered for bat control. Individuals just working in the area of bat control are not required to be licensed with any state agency. Individuals are working under the Minnesota Department of Resources.

Individuals within the Structural Pest Control Industry that do bat control work have concerns with non-licensed individuals' practices. The main concern relates to the June 1st to August 15 dates when bats are having their young. Licensed Structural Pest Control applicators are reluctant to control bats during this time frame. It appears that many non-licensed individuals disregard this time frame and continue to do bat control work.

The point was raised that this issue might lend itself to an educational solution. The idea of development of fact sheets and policy sheets should be considered.

Staci appointed a committee of Todd Leyse, Matthew Eickman, and Caroline Kirby to examine possible solutions to address this issue.



Minnesota Pest Management Association: Mike Fresvik

Mike opened the discussion with the subject of MPMA holding a Legislative Day at the Capital during the legislative session.

Staci discussed various state and national Legislative Days she has attended. Prior to our meeting, she contacted the National Pest Management Association (NPMA) relating to the logistics of holding such an event and securing their assistance, should MPMA move forward

Staci mentioned that the Kansas Pest Management Association sponsors a Legislative Day where they serve various pastries, bagels, and coffee. MPMA would need to have a large number of members attending such an event.

Another possibility would be to partner with another Association, such as the Minnesota Turf and Landscape Association.

The objective of holding a Legislative Day is to visit with legislators and introduce them to the Pest Control Industry in Minnesota.

MPMA has formed a committee of Staci Johnston, Kathy Watrin, and Rob Greer to explore the possibility of holding a MPMA Legislative Day.

Additional Items:

After a discussion of MPMA's work efforts during the 2018-2019 Minnesota Legislative Session, attention was turned to the upcoming 2019-2020 session.

With the defeat of 2018-2019 pesticide regulatory delegation language many in attendance are of the opinion that this issue may again resurface during the Minnesota 2019-2020 Legislative Session.

Mike Fresvik was directed to develop a pre legislative session plan for MPMA should delegation language be introduced.

Kathy Watrin raised the concern relating to the conflicts with the regular date of the October MPMA Board Meeting. Staci Johnston asked for a motion which was made and seconded that October 22 is the date set for the next MPMA Board Meeting.



2019 Board of Directors
Staci Johnston, Ecolab, President-Rich Hodgson, Orkin, Director-Caroline Kirby, Plunketts Pest Control, Director-Dr.Mohammed El Damir, Adams Pest Control,
Director-Mathew Eickman, Abra Kadabra Environmental, Director-Rob Greer, Rove Pest Control, Director-Larry Ruffedt, Westside Pest Solution, Past President

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MPMA President Staci Johnston called for a motion to adjourn the meeting. A motion was made and seconded, the meeting adjourned.

MPMA thanks you for your membership and support.

Please feel free to contact me with any questions.

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