

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0756-05
Bill No.: SB 284
Subject: Agriculture and Animals; Economic Development
Type: Creates the Dairy Herd Development Revolving Fund
Date: February 15, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	(Up to \$1,000,000)	(Up to \$1,000,000)
Total Estimated Net Effect on General Revenue Fund*	\$0	(Up to \$1,000,000)	(Up to \$1,000,000)

*Subject to appropriations

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Dairy Herd Revolving Fund	\$0	Up to \$1,000,000	Up to \$1,000,000
Total Estimated Net Effect on <u>Other</u> State Funds*	\$0	Up to \$1,000,000	Up to \$1,000,000

*Subject to appropriations

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials with the **State Treasurer's Office** and **Department of Economic Development** assume no fiscal impact to their agency.

Officials with the **Department of Agriculture** assume current Missouri Agricultural and Small Business Development Authority (MASBDA) board and staff will administer the program so there will be no need for additional personal services. However, travel for farm visits, loan closings and promotional activities and printing will require an estimated \$5,000 in additional equipment and expense costs. In addition, this analysis assumes a one million dollar general revenue transfer to the Dairy Herd Revolving Fund in FY 2007 and FY 2008.

Oversight assumes the additional equipment and expense costs would be accomplished through the normal budgetary process. Therefore, Oversight assumes the impact of these costs is \$0.

Officials with the **Secretary of State's Office** assume this proposal creates the Dairy Herd Development Revolving Fund. Based on experience with other divisions the rules, regulations and forms issued by the Department of Agriculture, Missouri Agricultural and Small Business Development Authority could require approximately 4 pages in the Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because of cost statements, fiscal notes and notices that are not

ASSUMPTION (continued)

publishes in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, and withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing packets and sections of the State Manual related to this proposal. If multiple bills pass which require the printing and distribution of packets at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Cost</u> - Transfer to Dairy Herd Revolving Fund	<u>\$0</u>	<u>(Up to \$1,000,000)</u>	<u>(Up to \$1,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*	<u>\$0</u>	<u>Up to (\$1,000,000)</u>	<u>(Up to \$1,000,000)</u>
OTHER FUNDS - DAIRY HERD REVOLVING FUND			
<u>Income</u> - Transfer from General Revenue	<u>\$0</u>	<u>Up to \$1,000,000</u>	<u>Up to \$1,000,000</u>
ESTIMATED NET EFFECT ON OTHER FUNDS*	<u>\$0</u>	<u>Up to \$1,000,000</u>	<u>Up to \$1,000,000</u>

*Subject to appropriations

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Yes, positive economic impact on small business/farmers. Dairy farmers will be able to increase dairy herd numbers at lower cost so they will improve production more economically.

DESCRIPTION

This act pertains to the Dairy Herd Development Revolving Fund.

The act establishes the Dairy Herd Development Fund; a fund which shall be used to make loans to eligible applicants for the purchase of dairy cows. The fund is to be administered by the Missouri agricultural and small business authority.

The act provides for an initial appropriation of one million dollars at the discretion of the general assembly and provides the same opportunity every year thereafter until the authority is able to loan one million dollars per fiscal year from the principle and interest payments to the fund. Such a limit however, shall not limit the future balance of the fund in any way.

Eligible borrowers shall use the dairy herd development loan to purchase dairy cows and may not finance more than ninety percent of the anticipated cost for the project with the loan. The time and repayment shall be established by rule promulgated by the authority. The manner of this repayment shall follow this schedule:

1. No payments in the first year of repayment
2. Interest only in the second year of repayment
3. Amortized equal payments of principal and interest for the third to seventh year of repayment

The authority is granted rule making power to set limits on loans given from the fund provided that they consult with the Missouri Dairy Growth Council and receive recommendations to that end.

Eligibility for the loan shall be established by rule by the authority and take into consideration several factors; all of which are laid out in the act.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture
Department of Economic Development
State Treasurer's Office
Secretary of State's Office



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Director
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