

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0775-01
Bill No.: SB 147
Subject: Agriculture Department; Appropriations
Type: Original
Date: January 14, 2005

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|----------------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| General Revenue | \$0 | \$0 | (\$4,500,000) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | (\$4,500,000) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| Missouri Qualified Biodiesel Producer Incentive* | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

*Offsetting revenues and expenditures of \$4,500,000 in FY 2008.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 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 from the **Office of Administration - Accounting** and **Department of Revenue** assume no fiscal impact to their agencies.

Officials from the **Department of Agriculture** assume based on information available at this time, the earliest anticipated date for biodiesel production is the summer of 2007. There, this fiscal estimate assume:

- that no eligible biodiesel fuel will be produced in the state until July 2007.
- that only one eligible biodiesel plant will begin production at that time.
- that the plant will produce 15 million gallons of eligible biodiesel annually.

These assumptions lead to the following cost estimates:

- FY 2007 = \$0
- FY 2008 = 15.0 million gallons * \$0.30 / gallon = \$4,500,000

The fiscal analysis also assumes these costs will be paid from general revenue using a transfer from the general revenue fund to the Missouri Qualified Biodiesel Producer Incentive Fund.

VL:LR:OD (12/02)

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
|---|---------------------|---------|---------|

GENERAL REVENUE FUND

| | | | |
|---|-----|-----|---------------|
| <u>Transfers Out</u> - Missouri Qualified Biodiesel Producer Incentive Fund | \$0 | \$0 | (\$4,500,000) |
|---|-----|-----|---------------|

| | | | |
|--|-------------------|-------------------|-----------------------------|
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND* | <u>\$0</u> | <u>\$0</u> | <u>(\$4,500,000)</u> |
|--|-------------------|-------------------|-----------------------------|

MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND

| | | | |
|--|-----|-----|-------------|
| <u>Transfers In</u> - General Revenue Fund | \$0 | \$0 | \$4,500,000 |
|--|-----|-----|-------------|

| | | | |
|--|-----|-----|---------------|
| <u>Cost</u> - Incentive Grants for Production* | \$0 | \$0 | (\$4,500,000) |
|--|-----|-----|---------------|

| | | | |
|---|-------------------|-------------------|-------------------|
| ESTIMATED NET EFFECT ON MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|---|-------------------|-------------------|-------------------|

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

| | | | |
|--|-------------------|-------------------|-------------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|--|-------------------|-------------------|-------------------|

FISCAL IMPACT - Small Business

Section 142.031(2) defines “qualified biodiesel producer” as a facility that is at least fifty-one percent owned by agricultural producers (i.e. farmers). This legislation is expected to have a positive economic impact on the farmers that become investor-owners of the plant. In addition, soybean farmers that are not investor-owners will benefit from higher soybean prices that will occur as a result of the increased demand for soybeans due to a biodiesel plant. Small businesses in the biodiesel plant’s community will also benefit from the increased economic activity generated by the biodiesel facility.

DESCRIPTION

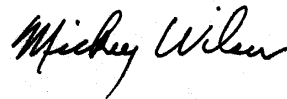
This act pertains to the Missouri Qualified Biodiesel Producer Incentive Fund.

This act removes current language that subjects the fund to "appropriations with funds other than general revenue funds". With this act, the fund is simply "subject to appropriation".

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
Office of Administration - Accounting
Department of Revenue



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Director
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