

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0775-02
Bill No.: Perfected SCS for SB 147
Subject: Agriculture Department; Appropriations
Type: Original
Date: March 1, 2005

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|----------------|----------------|------------------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| General Revenue | \$0 | \$0 | *(\$6,000,000) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | *(\$6,000,000) |

***Subject to Appropriations**

| 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 \$6,000,000 in FY 2008.

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 from the **Department of Revenue** assume no fiscal impact to their agency.

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. Therefore, 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 30 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
 15.0 million gallons * \$0.10 / gallon = \$1,500,000

Total FY 2008 Cost = \$6,000,000

ASSUMPTION (continued)

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.

| <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 | <u>\$0</u> | <u>\$0</u> | <u>*\$6,000,000</u> |
|---|------------|------------|---------------------|

| | | | |
|--|-------------------|-------------------|----------------------------|
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND* | <u>\$0</u> | <u>\$0</u> | <u>*\$6,000,000</u> |
|--|-------------------|-------------------|----------------------------|

***Subject to Appropriations**

MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND

| | | | |
|--|-----|-----|-------------|
| <u>Transfers In</u> - General Revenue Fund | \$0 | \$0 | \$6,000,000 |
|--|-----|-----|-------------|

| | | | |
|---|------------|------------|----------------------|
| <u>Cost</u> - Incentive Grants for Production | <u>\$0</u> | <u>\$0</u> | <u>(\$6,000,000)</u> |
|---|------------|------------|----------------------|

| | | | |
|---|-------------------|-------------------|-------------------|
| 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

Legislation pertaining to the Missouri qualified biodiesel producer incentive fund.

The changes made included additional language that clarifies the eligibility of producers for grants available from the fund. Current law states that producers are eligible for a total of sixty months - the new language states that the producer may still be eligible for an additional twenty-four months, or until the full amount of funding is received, if the original appropriation was not fully met.

Other new language adds to the grant amount producers are eligible for - with this act, an additional ten cents per gallon for the next fifteen million gallons of qualified biodiesel produced from Missouri agricultural products is available for eligible producers. The limit of biodiesel produced that cannot be applied to the computation of a grant has also been raised here, the current law has it standing at in excess of fifteen gallons, we've changed that to thirty million gallons.

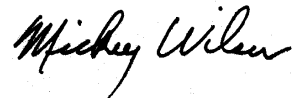
This act removes language that subjects the fund to "appropriations with funds other than general revenue funds". With this draft, the fund is simply "subject to appropriation".

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

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SOURCES OF INFORMATION

Department of Agriculture
Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 1, 2005