

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1623-08
Bill No.: HCS for SCS for SB 355
Subject: Alcohol; Agriculture Dept.; Fees
Type: Original
Date: April 25, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue*	\$0 to (\$1,042,314)	\$0 to (\$1,084,007)	\$0 to (1,127,367)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$1,042,314)	\$0 (\$1,084,007)	\$0 (\$1,127,367)

*Subject to appropriations

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Grape and Wine Fund	\$1,336,733	\$1,648,516	\$1,697,971
Marketing Development Fund	(\$1,336,733)	(\$1,648,516)	(\$1,697,971)
State School Moneys	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 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 the proposal will transfer the Grape and Wine monies currently going into the Market Development Fund to the Wine and Grape Fund. AGR also assumes the proposal will change the Grape and Wine Board from advisory appointed by the Director of Agriculture to appointment by the Governor and confirmed by the Senate.

In 2003 over 9.2 million gallons of wine were sold in Missouri. There is a 12 cents-per-gallon tax on each gallon of wine sold in Missouri. In calendar year 2003, this tax generated a total of \$1.1 million, which is the last year for which official figures have been provided by Missouri Liquor Control. The calendar year 2004 revenue estimate is approximately \$1.3 million, with a continued increase to \$1.5 million expected in calendar year 2006.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the school districts will utilize the maximum amount allowed under the original bill (HB 453 - 2001). Based on seven-tenths of a percent of the 1998-1999 school year entitlement authorized by Section 163.161, RSMo (State aid for transportation) which was \$132,373,402 and a 4 percent growth for three years, the maximum effect of the original proposal was:

ASSUMPTION (continued)

2002-03	\$132,373,402 x .007 = \$ 926,614
2003-04	\$ 926,614 x 1.04 = \$ 963,678
2004-05	\$ 963,678 x 1.04 = \$1,002,225
2005-06	\$ 1,022,225 x 1.04 = \$1,042,314

Extending the sunset to the 2011-12 school year would calculate to the following maximum amount:

2006-07	\$1,042,314 x 1.04 = \$1,084,007
2007-08	\$1,084,007 x 1.04 = \$1,127,367
2008-09	\$1,127,367 x 1.04 = \$1,172,462
2009-10	\$1,172,462 x 1.04 = \$1,219,360
2010-11	\$1,219,360 x 1.04 = \$1,268,135
2011-12	\$1,268,135 x 1.04 = \$1,318,860

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
	<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
<u>Costs - Transfers to State School Moneys</u>	<u>(\$1,042,314)</u>	<u>(\$1,084,007)</u>	<u>(\$1,127,367)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*	<u>(\$1,042,314)</u>	<u>(\$1,084,007)</u>	<u>(\$1,127,367)</u>
*Subject to appropriations			
GRAPE AND WINE FUND			
<u>Transfer In - Grape and Wine Fund</u>	<u>\$1,336,733</u>	<u>\$1,648,516</u>	<u>\$1,697,971</u>
ESTIMATED NET EFFECT ON GRAPE AND WINE FUND	<u>\$1,336,733</u>	<u>\$1,648,516</u>	<u>\$1,697,971</u>

MARKETING DEVELOPMENT FUND

<u>Transfer Out - Marketing Development Fund</u>	<u>(\$1,336,733)</u>	<u>(\$1,648,516)</u>	<u>(\$1,697,971)</u>
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ESTIMATED NET EFFECT ON MARKETING DEVELOPMENT FUND	<u>(\$1,336,733)</u>	<u>(\$1,648,516)</u>	<u>(\$1,697,971)</u>
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STATE SCHOOL MONEYS FUND

<u>Income - Transfers from General Revenue Fund</u>	\$0 to <u>(\$1,042,314)</u>	\$0 to <u>(\$1,084,007)</u>	\$0 to <u>(\$1,127,367)</u>
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<u>Cost - Distributions to School Districts</u>	\$0 to <u>(\$1,042,314)</u>	\$0 to <u>(\$1,084,007)</u>	\$0 to <u>(\$1,127,367)</u>
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ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0 to</u> <u>(\$1,042,314)</u>	<u>\$0 to</u> <u>(\$1,084,007)</u>	<u>\$0 to</u> <u>(\$1,127,367)</u>
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<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

Yes. Small businesses which are biodiesel fuel distributors, manufacturers or retailers and new generation cooperatives could be affected by this proposal.

DESCRIPTION

This act creates the Missouri Wine and Grape Board. The purpose of the board is to further the growth and development of the grape growing industry in the state of Missouri. In order to reach these goals, the board may participate in activities with other groups and organizations to develop better grape varieties, develop research projects, utilize expertise of the board members

and

DESCRIPTION (continued)

experts in the proper fields of study, furnish information and data to grape growers and vintners, and participate in studies, programs, and information dissemination in the areas of sales, promotions, and effective distribution of Missouri wines.

The principal office of the board will be located in Jefferson City, but it may have offices elsewhere if needed. The board will act as an organization within the Department of Agriculture and receive funding from the "Missouri Wine and Grape Fund".

No officer or employee shall be considered to have given up his or her office or employment by accepting membership on the board.

The act provides that the board will have 11 members. Seven of the members will represent the Missouri grape and wine industry, the food service industry, or the medai marketing industry. These members will be current members of the Missouri Grape and Wine Advisory Board. When the terms of these members expire, the seven positions will be filled by having the Governor appoint new members, with the advice and consent of the Senate, for four year terms. No appointed board member can serve more than two consecutive terms. The board will also have four ex officio members, including the President of the Missouri Grape Growers Association, the President of the Missouri Vintners Association, the President of the Missouri Wine Marketing and Research Council, and the Director of the Department of Agriculture. The members shall be voting members and their terms will coincide with the time they hold the elected or appointed office.

The act provides for the schedule of where and how often the board must meet. It also specifies how many members are necessary for a quorum and voting. The board members can be removed from office by the Governor for malfeasance, neglect of duty, or other cause after notice of a public hearing.

The act requires the board to select a chairperson and vice chairperson. They can also elect other officers if necessary. The board members will not receive compensation for their duties, but they shall be reimbursed for their expenses.

The board must employ an executive director who will serve as the secretary of the board and will administer and manage the affairs and business of the board. The board may also employ experts. The director and other employees will be eligible for all corresponding benefits. The director, as secretary, will be responsible for keeping the records of the board.

To fulfill their goals and duties, the board will have power to:

DESCRIPTION (continued)

Receive and accept aid or contributions for purposes consistent with this act;

Work with and counsel viticulture and enology experts on the needs of grape producers and wine makers in order to make the best strains of grape varieties;

Review progress and reports from experts;

Confer and cooperate with other boards and councils;

Approve and recommend amendments to these powers; and

Perform other duties necessary to proper operation of the board.

The board must submit an annual report to the Governor and General Assembly on the activities of the prior year.

Currently the charges imposed under Section 311.554, RSMo, are deposited to the credit of a separate account in the Marketing Development Fund, created by Section 261.035, RSMo. This act would require such charges to be deposited into the "Missouri Wine and Grape Fund", which is created by this act. There is a six cents per gallon charge for the selling of wine which can only be used for market development in developing programs for growing, selling, and marketing of grapes and grape products grown in Missouri. There is an additional six cent per gallon charge which can only be used for research and advertisement of grapes and grape products in Missouri.

This proposal extends the expiration date of the Biodiesel for Schools Program from the 2005-2006 school year to the 2011-2012 school year. The program allows school districts to establish contracts with nonprofit, farmer-owned new generation cooperatives to supply bus fuel containing at least 20% biodiesel.

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 Economic Development
State Treasurer's Office
Department of Agriculture
Department of Elementary and Secondary Education



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Director
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