

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3330-06
Bill No.: HCS for SCS for SB 773
Subject: Agriculture and Animals; Agriculture Dept.
Type: Original
Date: April 13, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$0	\$0 to (\$311,220)	\$0 to (\$384,668)
Total Estimated Net Effect on General Revenue Fund*	\$0	\$0 to (\$311,220)	\$0 to (\$384,668)

***Subject to Appropriations**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Department of Agriculture** assume this proposal will help make dairying more profitable and will help move Missouri away from being a milk deficit state.

There are approximately 114,000 dairy cows in the state. The state average for culling cows from a herd is 28%. University of Missouri Commercial Ag Dairy Economists estimate that of the replacement animals going back into the herd about 10% are actually purchased, the other 90% are raised on the farm. Currently good replacement animals are selling for \$2,000 - \$2,300 per head. Assuming a 7% interest rate and a 30% participation rate by dairy farmers.

$$114,000 \times 28\% \times 10\% \times \$2,000 \times 7\% \times 30\% = \$134,064$$

ASSUMPTION (continued)

Assuming that Missouri will see a 5% increase in new dairies and expansions:

$$114,000 \times 5\% \times \$2,000 \times 7\% \times 30\% = \$239,400$$

$$\text{Total } \$134,064 + 239,400 = \$373,464$$

Officials from the **Department of Transportation** assume no fiscal impact to their agency. The state fuel tax for gasoline and gasohol is 17 cents per gallon, and Congress has recently adjusted the federal gasohol rate to equal the federal gasoline rate that is attributed to the Highway Trust Fund.

Officials from the **Department of Natural Resources (DNR)** assume spills that result from tampering are part of the hazardous waste law that provides liability exemption for third party actions. The exemption covers any release of a hazardous substance caused by a third party.

The department would not anticipate any direct fiscal impact from this proposal since the third party exemption already exists.

This proposal would allow the Department of Agriculture in consultation with the Department of Transportation to exempt in whole or in part the Department of Transportation's affected vehicles from the B-20 biodiesel fuel requirement.

The DNR would not anticipate any direct fiscal impact from this proposal.

Officials from the **Department of Revenue (DOR)** assume there are no taxes collected on gasoline; therefore, no additional revenues would be lost.

No FTE needs are anticipated, for Business Tax or Excise Tax, in order to implement the proposal.

DOR would require some form of verification of all co-ops, applying for tax credits, which are in compliance and those who are not in compliance. The additional verification requirements would slow down process time of these types of tax returns. Personal Tax would require 1 Tax Processing Technician I for verification purposes for every 4,000 credits redeemed. There were 1,006 claims filed for tax year 2004, therefore, no FTE will be requested at this time.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Cost - Program Specific Dollars, Interest payments (MASBDA)*</u>	<u>\$0</u>	<u>\$0 to (\$311,220)</u>	<u>\$0 to (\$384,668)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE*	<u>\$0</u>	<u>\$0 to (\$311,220)</u>	<u>\$0 to (\$384,668)</u>

***Subject to Appropriations**

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Yes. This program will have a positive economic impact on dairy farmers in the amount of the first years interest on qualifying loans.

DESCRIPTION

The act directs Missouri Agricultural Small Business Development Authority (MASBDA) to pay for the first year of charged interest payments on all applicable link deposit loans. For the purposes of this act, "applicable loans" mean only those loans made and used solely for the acquisition of dairy cows and other replacement dairy females.

This bill defines "vermiculture operation" as a Missouri business entity engaged in raising earthworms under a controlled environment and makes them eligible for certain agricultural loan programs including Agricultural Linked Deposit loans and single-purpose animal facility loan guarantees.

Currently, a person who knowingly damages or destroys a field crop product is liable for double the damages. This bill specifies that a person who negligently damages or destroys a field crop product is liable only for actual damages directly related to the damaged or destroyed crop.

This bill requires, by January 1, 2007, that all motor fuel sold in Missouri for use in gasoline-

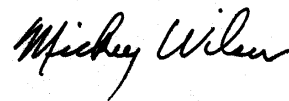
DESCRIPTION (continued)

powered vehicles contain 90% gasoline and 10% fuel ethanol, unless prohibited by law or executive order.

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 Natural Resources
State Treasurer's Office
Department of Economic Development
Department of Revenue
Department of Transportation



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Director
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