

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0394-01
Bill No.: SB 68
Subject: Agriculture and Animals; Agriculture Dept.
Type: Original
Date: April 16, 2007

Bill Summary: Establishes the Missouri Seed Availability and Competition Act regarding the use of genetically modified seed.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Genetically Engineered Seed Fund	\$1,639,025	\$1,641,361	\$1,637,042
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,639,025	\$1,641,361	\$1,637,042

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Genetically Engineered Seed Fund	3	3	3
Total Estimated Net Effect on FTE	3	3	3

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture (MDA)** assume according to the Missouri Agricultural Statistics Service, 5,000,000 acres of soybeans were planted in 2005. Eighty-seven percent of the soybeans planted in 2004 were genetically modified; therefore, eighty-seven percent would be considered patented seed or 4,350,000 acres of patented soybeans planted. Approximately 50 pounds of soybean seeds are planted per acre. (5,000,000 x 50 lbs = 250,000,000 lbs of soybean seed planted) One bushel of soybean seeds weighs approximately 60 pounds (250,000,000 lbs divided by 60 lbs/bushel = 4,166,667 bushels of soybeans seeds planted). Based upon this information, approximately 3,625,000 bushels of patented soybean seed was planted in Missouri in 2004 (4,166,667 bushels x 87% patented seed = 3,625,000 bushels of patented seed).

Assuming 50 percent of the farmers using patented seed would want to retain patented seed for replanting in 2006, approximately 1,812,500 bushels of retained patented seed would be planted. If you multiply the \$7 registration fee for each bushel of retained seed, it would generate \$12,687,500 in fees. One dollar of the fee would be designated for administrative costs of the Missouri Department of Agriculture. Six dollars of the fee would be paid to the person holding the patent for the seed.

Soybeans are the main crop utilizing patented seed; however, seed, such as cotton, wheat, rice and other crops utilizing patented seed will be affected by this legislation potentially increasing the collection of fees and regulatory responsibility.

The Accountant I would be responsible for all collections of fees and disbursement of funds and assist with budget preparation. Violations of this Act are considered a Class D Felony; therefore, two additional Feed and Seed Inspectors would be required to perform inspections for registration of individuals and investigation of complaints. Currently there are four Feed and Seed Inspectors performing field inspections in support of the Missouri Commercial Feed Law and the Missouri Seed Law. The enactment of this legislation would increase the workload of field personnel.

Oversight has reduced the estimated FY 2008 equipment expenditure by \$575 since system furniture would incorporate a cabinet. Oversight has assumed that all revenues and expenditures would be processed through the Genetically Engineered Seed Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENETICALLY ENGINEERED SEED FUND			
<u>Savings</u> - Department of Agriculture			
Genetically Engineered Seed Fund	\$1,812,500	\$1,812,500	\$1,812,500
<u>Cost</u> - Department of Agriculture			
Salaries (3 FTE)	(\$91,935)	(\$113,077)	(\$115,904)
Fringe Benefits	(\$40,505)	(\$49,822)	(\$51,067)
Equipment & Expense	<u>(\$41,035)</u>	<u>(\$8,240)</u>	<u>(\$8,487)</u>
Subtotal	<u>(\$173,475)</u>	<u>(\$171,139)</u>	<u>(\$175,458)</u>
ESTIMATED NET EFFECT ON GENETICALLY ENGINEERED SEED FUND	<u>\$1,639,025</u>	<u>\$1,641,361</u>	<u>\$1,637,042</u>
Estimated Net FTE Change for Genetically Engineered Seed Fund	3	3	3
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

This proposal would have an impact to small businesses engaged in farming or seed production.

FISCAL DESCRIPTION

The proposed legislation appears to establish the Missouri Seed Availability and Competition Act regarding the use of genetically modified seed and may have an effect on the Genetically Engineered Seed Fund.

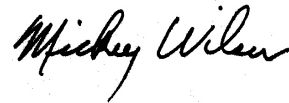
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

VL:LR:OD (12/02)

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SOURCES OF INFORMATION

Department of Agriculture

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

Mickey Wilson, CPA
Director
April 16, 2007