

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0534-15
Bill No.: CCS for HCS for SCS for SB 156
Subject: Agriculture Dept.; Energy
Type: Original
Date: May 16, 2007

Bill Summary: Modifies the Missouri Ethanol and Other Renewable Fuel Sources Commission. Prohibits the Department of Agriculture from participating in the National Animal Identification System (NAIS) without specific authorization to do so. Modifies the Missouri Ethanol and Other Renewable fuel Sources Commission. Would exempt motor fuel used for agriculture purposes from sales and use taxes.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-------------------------------------|---------------------------------------|---|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| General Revenue | (\$176,972 to \$586,549) | (\$934,978 to \$1,284,978) | (\$1,047,046 to \$2,397,046) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$176,972 to \$586,549) | (\$934,978 to \$1,284,978) | (\$1,047,046 to \$2,397,046) |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 20 pages.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|-------------------|-------------------|-------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Veterinary Student Loan Payment Fund* | \$0 | \$0 | \$0 |
| Various State Funds | (\$50,943) | (\$61,132) | (\$61,132) |
| Total Estimated Net Effect on <u>Other</u> State Funds | (\$50,943) | (\$61,132) | (\$61,132) |

*Net of Revenues and Expenditures

| 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 |
| Department of Agriculture GR | 2 | 2 | 2 |
| State Treasurer's Office - GR | 1 | 1 | 1 |
| 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 **Missouri Senate** and **Missouri House of Representatives** assume no fiscal impact to their agencies.

Officials from the **Department of Agriculture (AGR)** assume this proposal requires the MDA to reimburse commission members for their expenses, which will cost approximately \$500 per meeting. The commission is required to meet at least four times annually. Although the Alternative Fuel Commission in effect replaces the Missouri Ethanol and Other Renewable Fuel Sources Commission (MEORFSC), the MEORFSC has not met regularly in many years and the \$5,000 GR originally appropriated to cover the expenses of the MEORFSC was taken as a core reduction in the AGR's budget several years ago.

Section 135.633

Officials from the **Department of Agriculture** assume General Revenue collections will be reduced by the amount of the tax credits but somewhat offset by the amount of economic activity generated.

The proposal caps the tax credits at \$300,000..

Oversight compared the total tax credit issuances relative to the total tax credit redemptions for the previous three years in order to determine a relationship between the two. Oversight discovered that the annual redemptions ranged from 79 percent to 118 percent of the annual issuances. Depending on the program, the redeemed credits may have been issued several years prior and carried forward to the years studied; however, Oversight will utilize an estimated

ASSUMPTION (continued)

redemption total of 100 percent of tax credits issued. Therefore, under this proposal, if \$300,000 of credits are issued, Oversight would assume \$0 to \$295,500 (98.5%) of credits to be redeemed, reducing Total State Revenues.

In response to a similar proposal officials from the **Department of Revenue** assume this proposal establishes Section 135.633, which:

Defines “taxpayer” as any individual or entity subject to the tax imposed by chapter 143, except withholding taxes, 147, 148, and 153.

Beginning on or after January 1, 2007, a taxpayer shall be allowed to claim a tax credit in an amount equal to 50% of the amount eligible expenses to achieve odor management or MELO or \$50,000; or equal to 75% of the amount eligible expenses to achieve odor management or MELO or \$75,000.

The credits are not refundable, but may be carried back 3 years or carried forward 5 years.

The credits may be transferred, assigned, or sold.

Also allows credits to be applied toward estimated quarterly tax due under chapter 143, except withholding tax. And the tax credits can be claimed on a quarterly basis to be applied to the estimated quarterly payments.

DNR is to promulgate the rules.

These provisions shall expire June 30, 2012.

This legislation establishes a new tax credit with carry forward/back provisions. Personal Tax would require 1 Tax Processing Technician I for every 6,000 credits claimed.

Oversight assumes this would be accomplished during the normal budgetary process. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would authorize the Missouri Agriculture and Small Business Development Authority to issue tax credits to owners of livestock operations to partially offset certain expenses incurred for implementing odor abatement best management practices and systems.

ASSUMPTION (continued)

The provisions of this proposal would expire June 30, 2012.

The DNR assumes they would implement the provisions of this proposal utilizing existing resources.

Sections 135.800, 135.805 and 348.432

Officials from the **Department of Agriculture (AGR)** assume this is clean-up language and results in no fiscal impact to their agency.

Section 142.028

Officials from the **Department of Agriculture (MDA)** will need to review application materials to determine a facility's eligibility to be licensed as a Missouri qualified fuel ethanol producer. Once licensed, the department will need to review monthly grant requests from licensed production facilities to determine whether or not they meet statutory requirements.

This fiscal note assumes one plant with a 15 million gallon annual capacity will receive ethanol producer incentives in FY 2010.

12.5 MG * \$0.20 per gallon = \$2,500,000

2.5 MG * \$0.05 per gallon = \$ 125,000

Total Cost = \$2,625,000

Section 142.031

Officials from the **Department of Natural Resources** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Agriculture (AGR)** state the proposal will require the AGR to process additional biodiesel license and grant applications, as well as audit additional facilities for compliance with state statutes and regulations pertaining to the biodiesel producer incentive fund. The AGR assumes it will be able to accomplish this with current staff and the 2.0 additional audit staff included in its FY 08 budget request.

ASSUMPTION (continued)

The following table shows the assumptions used for the four (4) biodiesel plants that will likely be affected by the removal of the requirement that feedstock be either produced or processed in Missouri. Statutory payment rates are utilized (i.e. 30 cents/gal. on the first 15 MG and 10 cents/gal on the next 15 MG). Although all of the annual production is included in the calculations for Dexter, Lilbourn, and Holland, only one-half of the maximum annual production at the Rock Port plant is expected to be sourced from outside the state.

| <u>Plant Location</u> | <u>Production Start Date</u> | <u>Max. Annual Production</u> | <u>FY 2008 Payments</u> | <u>FY 2009 Payments</u> | <u>FY 2010 Payments</u> |
|-----------------------|------------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|
| Dexter | 3/15/07 | 3,000,000 gals. | \$900,000 | \$900,000 | \$900,000 |
| Lilbourn | 1/1/08 | 5,000,000 gals. | \$750,000 | \$1,500,000 | \$1,500,000 |
| Holland | 1/1/08 | 5,000,000 gals. | \$750,000 | \$1,500,000 | \$1,500,000 |
| Rock Port | 9/1/08 | 30,000,000 gals. | \$0 | \$1,250,000 | \$1,500,000 |
| Payment Totals | | | \$2,400,000 | \$5,150,000 | \$5,400,000 |

However, since funding for these four plants is already included in AGR's FY 08 budget request, the AGR does not anticipate a need for any additional funding.

In response to a similar proposal officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Section 262.261

Officials from the **Department of Agriculture** assume no fiscal impact to their agency. Currently, the State Fair's Escrow Account is not part of state appropriations or state revenue. This proposal would make the account part of state revenues and conform to the State Auditor's recommendations.

ASSUMPTION (continued)

In response to a similar proposal officials from the **Office of Administration, Division of Budget and Planning** assume no fiscal impact to their organization.

Section 263.232

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

In response to a similar proposal officials from the **Department of Conservation (MDC)** assume spotted knapweed is uncommon on Department lands. The MDC is working to control sericea lespedeza and research and evaluation efforts are underway as well. This proposal could have significant fiscal impact on MDC funds depending on the pace of eradication for sericea lespedeza.

Officials from the **Department of Natural Resources (DNR)** assume currently, there are no counties that have set up noxious weed control areas. Pursuant to Section 263.454, until a noxious weed control area has been declared, no controlling noxious weeds steps are required to be taken by landowners.

The DNR has identified spotted knapweed (*Centaurea stoebe* = *Centaurea biebersteinii*) in 8 state parks (Bennett Spring, Cuivre River, Hawn, Illiniwek SHS, Johnson's Shut-Ins, Meramec, St. Joe and Stockton). Potentially, there would be fiscal impact to eradicate spotted knapweed if in the future counties establish weed control boards or control areas.

The department has identified sericea lespedeza in nearly every state park. Although it is possible to control the spread of sericea lespedeza, but it is impossible to eradicate it. In the past, DSP has spent \$20,000 to control sericea lespedeza at Prairie State Park. For other parks with less severe spread of such weed, DSP estimates it would cost average at least \$2,000 to control it. If sericea lespedeza is actively monitored and controlled at our 40 state parks, then the total estimated costs will be \$100,000 (\$20,000 for Prairie SP + \$2,000 * 40 parks/sites = \$100,000) annually.

So, the annual fiscal impact could be at least \$100,000 to possibly \$200,000 (assuming same cost to control spotted knapweed at all state parks).

Total costs are reflected as zero based on a decision made by the Oversight Subcommittee on February 1, 2000 in reference to a similar proposal (HB 1395) from the 2000 session.

ASSUMPTION (continued)

Section 265.200

Officials from the **State Treasurer's Office** and **Department of Agriculture** assume no fiscal impact to their agencies.

Section 265.525

Officials from the **Department of Agriculture's** assumptions and methodologies are based upon the actions initiated in Arkansas under the Arkansas Rice Certification Act. Assumptions are made that the same or similar requirements imposed on the Arkansas rice industry would be instituted in Missouri.

The fiscal impact is based upon costs associated with inspections, sampling, laboratory analyses and enforcement of rice planting seed not currently conducted by the Plant Industries Division of the Missouri Department of Agriculture. Two Feed and Seed Inspectors would be responsible for sampling all varieties of rice seed offered for sale in Missouri and all farmer saved seed for characteristics of commercial impact as well as auditing required records and perform educational activities. Inspectors would also be involved in inspecting and sampling rice received from other states for processing (rice mills, feed manufacturers and research facilities).

Analyses for characteristics of commercial impact requires DNA testing at the detection level of 0.01 ppm. There are currently only five laboratories in the United States that are certified for testing at this level. The Seed Laboratory Manager would be responsible for contracting with a certified laboratory, accounting and payment for analyses, chain of custody samples, retention of laboratory records, maintain records in accordance with proposed legislation as well as supervise the day to day operation of the State Seed Laboratory.

The additional Seed Analyst II would be responsible for the additional 400 analyses for germination, purity and noxious weed content of rice seed and data entry for all samples received and analyzed by the laboratory.

Oversight assumes the initial start up will not occur until approximately 9 months into FY08 and is reflecting 1/4 of the initial costs to occur in FY08. Oversight is also assuming the initial salaries would be for two employees with additional employees hired at a later point in time.

In response to a similar proposal officials from the **Secretary of State's Office** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided

ASSUMPTION (continued)

with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Attorney General's Office (AGO)** assume they would require additional staff to counsel the boards created by the proposal, and to enforce the penalty provisions of the rice certification act.

Oversight assumes this would be accomplished during the normal budgetary process. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0.

Sections 340.335, 340.337, 340.339, 340.341, 340.343, 340.345, 340.347, 340.375, 340.381, 340.384, 340.387, 340.390, 340.393, 340.396, 340.399, 340.402 & 340.405

In response to a similar proposal officials from the **Coordinating Board for Higher Education** and **Division of Insurance, Financial Institutions and Professional Registration** assume no fiscal impact to their agency.

In response to a similar proposal officials from the **University of Missouri - Columbia** would incur no additional costs as a result of the passage of this proposal.

Officials from the **Department of Agriculture (MDA)** assume this proposal requires MDA to develop, implement and administer the large animal veterinary student loan program and the large animal veterinary medicine loan repayment program. The department will need an additional 0.50 FTE and associated E&E as well as the capital costs necessary to repay student loans. Overall, by increasing the number of large animal veterinarians in the state, this initiative will significantly improve the department's ability to gather information about and control animal diseases.

ASSUMPTION (continued)

Section 340.390 states that up to six qualified applicants per academic year may be awarded loans of up to \$80,000 per applicant. This translates into annual loan repayment costs of \$480,000 per year (6 applicants * \$80,000 per applicant = \$480,000 loan costs).

0.50 FTE Fiscal and Administrative Manager (\$25,000 PS) will be needed to serve as the program manager and provide staff support to the MDA director and advisory panel, coordinate the development of rules and standards that guide the program, develop and administer contracts with individuals participating in the loan program, develop and administer agreements with the holder of loans for which repayments are made, and monitor loan payments, repayments, and any breeches of contract that may occur. There will also be on-going equipment and expense costs such as administrative supplies, hosting advisory council meetings, and associated travel.

Oversight assumes the initial cost of 0.5 FTE will be paid through the fund. Therefore there will be no direct impact and the initial cost will be \$0. Any additional FTE can be requested through the appropriation process. Also, the initial loan repayment costs are beyond the scope of this fiscal year period. Therefore these costs are not represented in this fiscal note.

Officials from the **State Treasurer's Office** assume that they only ensure the disbursements are made from a lawful appropriation and don't exceed the amount of the appropriation. They suggest the following wording change: "The state treasurer shall be custodian of the fund. In accordance with sections 30.1.170 and 30.180 RSMo., the state treasurer may approve disbursements".

Section 348.230, 348.235 & portions of 348.434

Officials from the **Department of Agriculture** assume no fiscal impact. Current staffing should be sufficient to administer the program.

Subject to appropriations is the following:

There are approximately 114,000 dairy cows in the state. The state average cull rate on dairy cows is about 28%. University of Missouri Commercial Ag Dairy Economists estimate that of the replacement animals going back into the herd, about 10% are actually purchased and the other 90% are raised on the farm. Currently good replacement animals are selling for about \$1,875 per head. Assuming a 8% interest rate and a 30% participation rate by dairy farmers.

114,000 head x 28% cull rate x 10% purchased x \$1,875 per head x 8% interest rate x 30% participation rate = \$143,640.

VL:LR:OD (12/02)

ASSUMPTION (continued)

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

$114,000 \times 5\% \text{ increase} \times \$1,875 \text{ per head} \times 8\% \text{ interest rate} \times 30\% \text{ participation rate} = \$256,500.$

$\text{TOTAL } \$143,640 + \$256,500 = \$400,140.$

In response to a similar proposal officials from the **State Treasurer's Office (STO)** assume, subject to appropriations, the Missouri Agricultural and Small Business Development authority shall pay for the first full year of charged interest on any applicable Missouri linked deposit program loan. Applicable loans will be for the acquisition of dairy cows and other replacement dairy females.

The STO will need an FTE (Accounting Analyst I/Time Deposit Coordinator - \$37,896 plus \$17,407 fringes = \$55,303) to track and/or verify this information with the participating financial institution.

In response to a similar proposal officials from the **Office of Administration - Division of Accounting and Department of Revenue** assume no fiscal impact to their agencies.

In response to a similar proposal officials from the **Secretary of State's Office** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Section 348.505

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

Officials from the **Department of Agriculture** assume this proposal will allow Missouri's small family farm a more economical way to get started or expand their livestock operations and become more efficient operations.

The Family Farms Breeding Livestock Loan Program was passed last legislative session with the current tax credit annual limit of \$150,000. Loan applications were approved for the \$150,000 limit within 3 months after becoming effective. Therefore, the assumption is that the expansion of \$850,000 to the \$1,000,000 would be utilized each year as well.

Section 267.165

Officials from the **Missouri House of Representatives** and **Missouri Senate** assume no fiscal impact to their agencies.

Officials from the **Department of Agriculture (MDA)** assume this proposal would not prohibit the prudent use of federal funding to organize and store the voluntary derived Missouri premises information. This proposal would furthermore not change the MDA's goals and mission of enhancing, streamlining and modernizing current disease program.

Section 414.420

Officials from the **Department of Natural Resources** assume the Department's Energy Center would provide alternative fuel technical or informational support if requested utilizing existing resources.

Section 144.065

Officials from the **Department of Agriculture** assume this proposal would have no fiscal impact on their organization.

In response to a similar proposal officials from the **Department of Conservation (MDC)** assume this proposal would appear to have a negative fiscal impact on MDC funds since it appears to exempt motor fuel used for agricultural purposes from sales tax. MDC is unable to provide the

ASSUMPTION (continued)

estimated amount and will rely on the Department of Revenue for the fiscal impact of this legislation.

In response to a similar proposal officials from the **Department of Revenue** (DOR) assume the proposal would have no fiscal impact on their organization. DOR officials provided the following additional information:

During FY06 DOR collected approximately \$210,800 in sales tax (state only) on refunds of diesel fuel sold for agricultural purposes. This legislation would lessen the burden on the retailers, collecting sales tax. This would reduce the processing time for DOR personnel because we would no longer have to calculate the price per gallon or the sales tax on refunds for motor fuel.

Oversight assumes the reduction in DOR staff time required to process motor fuel refunds would be minimal.

In response to a similar proposal officials from the **Office of Administration, Division of Budget and Planning** (BAP), assume this proposal would exempt motor fuel used for agricultural purposes from sales and use tax. There should be no added cost to the Office of Administration/Budget and Planning as a result of this bill.

This Proposal Reduces Total State Revenue.

| <u>FISCAL IMPACT - State Government</u> | FY 2008 | FY 2009 | FY 2010 |
|--|---------------------------|---------------------------|-----------------------------|
| | (10 Mo.) | | |
| GENERAL REVENUE | | | |
| <u>Cost - Section 142.028 - Department of Agriculture</u> | | | |
| Incentive Payment | <u>\$0</u> | <u>\$0</u> | <u>(\$0 to \$1,000,000)</u> |
| Subtotal | <u>\$0</u> | <u>\$0</u> | <u>(\$0 to \$1,000,000)</u> |
| <u>Cost - Department of Agriculture</u> | | | |
| Equipment & Expense | <u>(\$5,000)</u> | <u>(\$5,150)</u> | <u>(\$5,304)</u> |
| | <u>(\$5,000)</u> | <u>(\$5,150)</u> | <u>(\$5,304)</u> |
| <u>Cost - Section 135.633 - Department of Agriculture</u> | | | |
| Tax Credits | <u>(\$0 to \$300,000)</u> | <u>(\$0 to \$300,000)</u> | <u>(\$0 to \$300,000)</u> |
| Subtotal | <u>(\$0 to \$300,000)</u> | <u>(\$0 to \$300,000)</u> | <u>(\$0 to \$300,000)</u> |
| <u>Cost - Section 265.525 - Department of Agriculture (2 FTE)</u> | | | |
| Salaries | <u>(\$0 to \$20,250)</u> | <u>(\$81,001)</u> | <u>(\$83,431)</u> |
| Fringe Benefits | <u>(\$0 to \$8,922)</u> | <u>(\$35,689)</u> | <u>(\$36,760)</u> |
| Equipment & Expense | <u>(\$0 to \$30,405)</u> | <u>(\$121,620)</u> | <u>(\$149,587)</u> |
| Subtotal | <u>(\$0 to \$59,577)</u> | <u>(\$238,310)</u> | <u>(\$269,778)</u> |
| <u>Cost - Section 348.230, 348.235 & 348.434 - Department of Agriculture</u> | | | |
| Program Costs | <u>\$0</u> | <u>(\$333,450)</u> | <u>(\$412,144)</u> |
| Equipment & Expense | <u>(\$0 to \$50,000)</u> | <u>(\$0 to \$50,000)</u> | <u>(\$0 to \$50,000)</u> |
| Subtotal | <u>(\$0 to \$50,000)</u> | <u>(\$383,450)</u> | <u>(\$462,144)</u> |

| <u>FISCAL IMPACT - State Government</u> (continued) | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|--|--|--|
| <u>Cost - Section 348.230, 348.235 & 348.434 - State Treasurer's Office</u> | | | |
| Salaries (1 FTE) | (\$32,527) | (\$40,204) | (\$41,410) |
| Fringe Benefits | (\$14,722) | (\$18,196) | (\$18,742) |
| Subtotal | <u>(\$47,249)</u> | <u>(\$58,400)</u> | <u>(\$60,152)</u> |
| <u>Cost - Section 348.505 - Department of Agriculture</u> | | | |
| Tax Credits | \$0 | (\$150,000) | (\$150,000) |
| Subtotal | <u>\$0</u> | <u>(\$150,000)</u> | <u>(\$150,000)</u> |
| <u>Loss - Section 144.065</u> | | | |
| Sales tax revenue from exemption of motor fuel used for agricultural purposes | | | |
| | (\$124,723) | (\$149,668) | (\$149,668) |
| Subtotal | <u>(\$124,723)</u> | <u>(\$149,668)</u> | <u>(\$149,668)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$176,972 to \$586,549)</u> | <u>(\$934,978 to \$1,284,978)</u> | <u>(\$1,047,046 to \$2,397,046)</u> |
| Estimated Net FTE Change for General Revenue | 3 | 3 | 3 |
| VETERINARY STUDENT LOAN PAYMENT FUND | | | |
| <u>Revenue</u> - Voluntary Contributions, Various Contributions, etc. | Unknown | Unknown | Unknown |
| <u>Expenses</u> - Student Loans, Administration of Fund, etc. | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON VETERINARY STUDENT LOAN PAYMENT FUND* | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

*Net of Revenues and Expenditures

| <u>FISCAL IMPACT - State Government</u> (continued) | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|--------------------------|--------------------------|--------------------------|
| VARIOUS STATE FUNDS | | | |
| <u>Loss - Section 144.065</u> - sales tax revenue from exemption of motor fuel used for agricultural purposes | <u>(\$50,943)</u> | <u>(\$61,132)</u> | <u>(\$61,132)</u> |
| ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS | <u>(\$50,943)</u> | <u>(\$61,132)</u> | <u>(\$61,132)</u> |
| | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

Probably a positive economic impact. The committee is charged with making recommendations to facilitate the sale and distribution of alternative fuels, which are produced primarily from renewable agricultural products. Increased production and consumption of these alternative fuels will most likely lead to increased agricultural production and higher prices paid for the fuel feedstock, thereby benefitting Missouri farmers and farm suppliers.

Section 135.633

Yes. This proposal will have a positive economic impact on farmers in the amount of tax credits received.

Yes; to the extent the small business qualifies as a “taxpayer”, as defined by this legislation, and incurs eligible expenses, they may qualify for the established tax credit.

Section 142.028

Yes. It will stimulate economic growth in rural Missouri.

Section 142.031

This proposal is expected to stimulate economic growth among small businesses, including farmers, in the areas in which the biodiesel plants are located.

Section 265.525

Unknown.

Section 348.230

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

Section 348.235

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

FISCAL IMPACT - Small Business (continued)

Section 142.031

This proposal is expected to stimulate economic growth among small businesses, including farmers, in the areas in which the biodiesel plants are located.

FISCAL DESCRIPTION

The proposed legislation appears modify the Missouri Ethanol and Other Renewable Fuel Sources Commission and could have require the reimbursement of member expenses.

Section 135.633

This portion of the proposal creates the managed environmental livestock operation tax credit for the eligible costs of implementing odor abatement best management practices and systems.

Section 142.028

The proposed legislation allows fuel ethanol produced from qualified biomass to be eligible for certain fuel ethanol production subsidies.

Section 265.525

The proposed legislation creates the Missouri Rice Certification Act and appears to have a fiscal impact on general revenue.

This portion of the proposal contains an emergency clause.

Sections 340.335, 340.337, 340.339, 340.341, 340.343, 340.345, 340.347, 340.375, 340.381, 340.384, 340.387, 340.390, 340.393, 340.396, 340.399, 340.402 & 340.405

The proposed legislation creates the Large Animal Veterinary Student Loan Program and modifies the Large Animal Medicine Loan Repayment Program.

Section 348.230

The proposed legislation is subject to appropriations.

FISCAL DESCRIPTION (continued)

Section 348.235

The proposed legislation is subject to appropriations.

Section 348.505

The proposed legislation raises the cap for the family farm livestock loan tax credit.

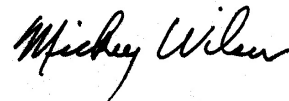
Section 142.031

Currently, a biodiesel producer incentive grant is calculated based on the estimated number of gallons of biodiesel produced from Missouri agricultural products. This proposal removes the in-state or Missouri agricultural product origin requirement of at least 51% Missouri producer owned for a renewable fuel production facility to be eligible.

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
Missouri Senate
Missouri House of Representatives
Department of Revenue
Missouri Department of Conservation
State Treasurer's Office
Secretary of State's Office
University of Missouri - Columbia
Coordinating Board for Higher Education
Department of Natural Resources
Office of Administration -
 Division of Budget & Planning
 Division of Accounting
Division of Insurance, Financial Institutions
 and Professional Registration
Attorney General's Office



Mickey Wilson, CPA
Director
May 16, 2007