

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1487-01
Bill No.: SB 444
Subject: Agriculture and Animals; Agriculture Dept.
Type: Original
Date: February 20, 2007

Bill Summary: Directs the Missouri Agricultural and Small Business Development Authority to pay certain loan interest and administer dairy business planning grants.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(Up to \$430,699)	(Up to \$520,544)	(Up to \$534,661)
Total Estimated Net Effect on General Revenue Fund	(Up to \$430,699)	(Up to \$520,544)	(Up to \$534,661)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 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
General Revenue	1	1	1
Total Estimated Net Effect on FTE	1	1	1

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** 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.

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

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

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

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

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.

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

ASSUMPTION (continued)

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.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Cost - Department of Agriculture</u>			
Program Costs	(\$333,450)	(\$412,144)	(\$424,509)
Dairy Business Planning Grants	<u>(\$0 to \$50,000)</u>	<u>(\$0 to \$50,000)</u>	<u>(\$0 to \$50,000)</u>
	(\$0 to \$333,450)	(\$0 to \$412,144)	(\$0 to \$424,509)
<u>Cost - State Treasurer's Office</u>			
Salaries	(\$32,527)	(\$40,204)	(\$41,410)
Fringe Benefits	<u>(\$14,722)</u>	<u>(\$18,196)</u>	<u>(\$18,742)</u>
TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Up to \$430,699)</u>	<u>(Up to \$520,544)</u>	<u>(Up to \$534,661)</u>
Estimated Net FTE Change for General Revenue	1	1	1
<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

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

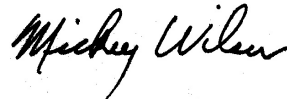
FISCAL DESCRIPTION

The proposed legislation is subject to appropriations.

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
State Treasurer's Office
Secretary of State's Office



Mickey Wilson, CPA
Director
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