

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1607-09  
Bill No.: HCS for SS for SCS for SB 428  
Subject: Agriculture Dept.  
Type: Corrected  
Date: May 14, 2007  
#Corrected totals on page 1

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Bill Summary: Prohibits the Department of Agriculture from participating in the National Animal Identification System (NAIS) without specific authorization to do so. Authorizes a tax credit for the sale of certain qualifying beef cattle. Modifies the Missouri Ethanol and Other Renewable Fuel Sources Commission. Renames the Marketing Division of the Department of Agriculture to the Agriculture business Development fund and also renames the fund. Changes provisions relating to surface mining and gravel excavation. Changes the laws regarding the impoundment of an animal suspected of being neglected or abused. Directs the Department of Natural Resources to establish regulations for certain concentrated animal feeding operations (CAFOs) that chose to be voluntarily regulated. Authorizes a tax credit for odor control technology for concentrated animal feeding operations.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
#General Revenue	(\$1,941,477 to \$10,991,477)	(\$2,649,840 to \$17,806,892)	(\$2,703,836 to \$24,380,639)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$1,941,477 to \$10,991,477)</b>	<b>(\$2,649,840 to \$17,806,892)</b>	<b>(\$2,703,836 to \$24,380,639)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 32 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Veterinary Student Loan Payment Fund	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Net of Revenues and Expenditures

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Department of Agriculture GR	9.7	9.7	9.7
Department of Revenue GR	1	1	1
State Treasurer's Office - GR	1	1	1
Department of Natural Resources	3	3	3
Federal Funds	-3.7	-3.7	-3.7
<b>Total Estimated Net Effect on FTE</b>	<b>11</b>	<b>11</b>	<b>11</b>

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).

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

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## FISCAL ANALYSIS

### ASSUMPTION

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

Officials from **Department of Agriculture (AGR)** assume this proposal would prevent the AGR from participating in a voluntary national animal identification program and could slow the response time to disease threat and cut off markets to Missouri producers. Many of the disease control activities funded by this program would need to continue and be paid for out of state general revenue funding in order to ensure animal disease control.

The analysis assumes that the federal funding received to implement the National Animal Identification System would be replaced by state general revenue funding. Otherwise, the state's animal disease control and eradication efforts and the state's ability to compete in national and international livestock would be seriously impaired.

In addition, the notification requirements contained in section 3 of 261.300 are estimated to cost \$15,000 (15,000 NAIS participants @ \$1 supplies, postage, and handling per letter).

**Oversight** assumes the cost of disease control activities will continue and be paid for out of state general revenue funding.

Officials from the **Secretary of State's Office (SOS)** assume this bill requires the Department of Agriculture and the Department of Revenue to promulgate rules. These rules will be published by our division in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the various agencies could require as many as 116 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

ASSUMPTION (continued)

Section 414.420

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 \$3,000,000.

**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 redemption total of 100 percent of tax credits issued. Therefore, under this proposal, if \$3,000,000 of credits are issued, Oversight would assume \$0 to \$2,955,000 (98.5%) of credits to be redeemed, reducing Total State Revenues.

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.

ASSUMPTION (continued)

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.

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

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

ASSUMPTION (continued)

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
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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.

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.

ASSUMPTION (continued)

<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.

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.

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.

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.

ASSUMPTION (continued)

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.**

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.

ASSUMPTION (continued)

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.

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)

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

Officials from the **Coordinating Board for Higher Education and Division of Insurance, Financial Institutions and Professional Registration** assume no fiscal impact to their agency.

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.

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 breaches 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

ASSUMPTION (continued)

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

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 **Office of Administration - Division of Accounting and Department of Revenue** assume no fiscal impact to their agencies.

ASSUMPTION (continued)

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.

Section 348.434

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

Officials from the **Department of Agriculture** assume there will be \$6,000,000 less general revenue collected each year. However, the formation and operation of value-added processing entities will create a considerable amount of economic activity which over a period of time will more than offset the loss of tax revenue.

**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 redemption total of 100 percent of tax credits issued. Therefore, under this proposal, if \$6,000,000 of credits are issued, Oversight would assume \$0 to \$5,910,000 (98.5%) of credits to be redeemed, reducing Total State Revenues.

Section 348.505

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

ASSUMPTION (continued)

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 144.030

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

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.

ASSUMPTION (continued)

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.**

Section 135.660

Officials from the **Department of Agriculture (MDA)** assume this proposal will give an incentive to Missouri's cattle industry to retain ownership and background and/or finish cattle in this state. The growth in the cattle industry as a result of this legislation should have a positive economic impact on the state.

We estimate that about 1.65 million head of beef animals are marketed each year in Missouri. The legislation does require that the "qualifying beef animals" be raised and backgrounded or finished in the state. A generally accepted definition of backgrounding is that the calves would be weaned for a minimum of 45 days. Backgrounding could include include those weaned calves up to an estimated 800 lbs which would then go to a feedlot for finishing.

Assuming:

45% of the 1.65 million are currently sold as weaned calves and also assuming that with this program 20% of those would be backgrounded and would put on an additional 300 lbs. ( $1.65m \times 45\% \times 20\% \times 300lbs \times \$.10 = \$4,455,000$ ).

50% of the 1.65 million are currently sold as weaned calves and also assuming that with this program 5% of those backgrounded calves would be finished and would put on an additional 400 lbs ( $1.65 \times 50\% \times 5\% \times 400 \text{ lbs} \times \$.10 = \$1,650,000$ ).

TOTAL tax credit cost \$6,105,000.

Officials from the **Department of Revenue (DOR)** assume this proposal establishes Section 135.660, which:

Defines "Taxpayer" as any individual or entity subject to the taxes imposed under Chapter 143, except withholding taxes, and Chapter 147.

ASSUMPTION (continued)

Allows a tax credit for each qualifying sale of a qualifying beef animal. The credit amount shall be based on the qualifying beef animal's weight at the time of the first qualifying sale, and shall be equal to ten cents per pound, above four hundred fifty pounds, and for a subsequent qualifying sale, ten cents per pound, above the weight of the qualifying beef, at the time of the first sale of such beef or 450 pounds, whichever weight is greater.

The amount of the credit claimed cannot be more than the taxpayer's liability and is not refundable. The credit must be claimed in the year in which the sale of the beef was made. The credit can be carried forward 5 years or carried back 3 years. The amount of tax credits that may be issued to all eligible applicants claiming tax credits in a fiscal year shall not exceed \$10 million, and the cumulative amount of tax credits that may be issued to all eligible applicants claiming all tax credits authorized in this section, shall not exceed \$30 million.

The credits may be assigned, sold, or transferred, and are to be certified by the "authority" (defined as the agricultural and small business development authority)

AGR and the authority are to promulgate the rules.

This legislation shall not be subject to the Missouri sunset act.

For DOR impact, see "Assumptions" below.

Personal Tax would require 1 Tax Processing Technician I for every 6,000 credits claimed for verification/processing purposes.

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.

ASSUMPTION (continued)

Section 414.420

Officials from the **Attorney General's Office (AGO)** assume HA 9 is simply a correct restatement of existing law; as a result AGO assumes that any potential costs arising from this proposal can be absorbed with existing resources.

Sections 261.035, 261.230, 261.235 & 261.239

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

Sections 444.765, 444.766, 444.770 & 444.744

Officials from the **Department of Agriculture, Department of Transportation** and **Department of Conservation** assume no fiscal impact to their agencies.

The **Department of Natural Resources** assume currently, there are 83 small sand and gravel operations with permits in effect and mine 5,000 tons or less per year. There are currently 83 small sand and gravel operations with permits in effect and mining 5,000 tons or less annually. Some of these operations may claim the landowner exemptions from permitting, and this will decrease permit fees submitted to the department. These small gravel mining permits are \$300 each, and the maximum loss of permit fees would be \$24,900 annually. This could be partially offset by contractors who served private landowners or counties and exceed 5,000 tons, in which case a permit and fee would be required.

Section 444.770.2 of this proposal requires the property owner to notify the department before any person or operator conducts gravel removal from the property owner's property if the gravel is sold or is intended to be sold commercially. At the time of notification, the property owner would receive a copy of the department's guidelines, rules and regulations relevant to the reported activity. Since this would require field verification and assistance, the new procedures would not significantly decrease the workload of the inspectors.

Section 578.018

Officials from the **Office of Administration - Division of Budget & Planning, Department of Public Safety, Missouri Highway Patrol, Office of State Courts Administrator** and **Office of Prosecution Services** assume no fiscal impact to their agencies.

ASSUMPTION (continued)

Officials from the **Department of Agriculture (AGR)** assume the responsibility of this proposal is currently placed with local authorities but with the added language AGR will be required to examine and inspect said livestock for abuse, work with owners, local authorities, legal authorities and organizations to resolve violations.

Currently these cases are handled by local authorities whether it be the local humane society, a rescue organization or other local authorities. According to the Humane Society of Missouri they handle approximately 900 cases per year involving animals as described in this proposal. This includes making the initial contact, having the animals inspected, working with owners, local practitioners and local agencies to provide care and food for the animals as well as legal issues. The amount of time spent on any single case is not available.

For the AGR to handle any of these cases, it will require a tremendous additional burden on current field staff to respond and carry out the provisions of the proposal and current duties.

For the district veterinarian of the AGR, this proposal would require them to examine impounded animals, determine if the farm animal to be in imminent danger of loss of life, instruct the owner or owners of such animals in writing to correct the conditions that are in violation of 578.012, conduct follow-up visits to document the improvement of the condition or conditions outlined in the quarantine, and possibly provide testimony in court.

With this proposal at least one additional district veterinarian would be required to assist with the added responsibility as well as current duties. Additionally, during an animal health emergency or disease outbreak, resources may not be available to carry out the provisions of this proposal.

Section 640.703 & 640.712

Officials from the **Attorney General's Office, Office of State Courts Administrator, Department of Health & Senior Services, Department of Agriculture and State Treasurer's Office** assume no fiscal impact to their agency.

Officials from the **Department of Natural Resources (DNR)** assume the Department's Division of Environmental Quality (Division), beginning about July 1, 2007, a joint legislative committee would consider the economic impact of CAFOs and any other aspect of CAFOs the committee finds of interest. The Division would provide information as requested by the committee as it conducts its deliberations, and accompany the committee on hearings, meetings or CAFO site visits as the committee deems appropriate. The report from the committee is due December 31, 2007 and the Division may be involved in data gathering or analyses, at the committee's

ASSUMPTION (continued)

discretion. The Division assumes staff time would be required to prepare and submit information that is requested from the joint committee, resulting in a shift of duties for water and perhaps air staff. The Division is unable to estimate how much time would be necessary to respond to committee requests.

In addition, the Division may be called upon by the Department of Agriculture to contribute to educational programs for management staff of Class I and II operations since many aspects of such operations relate to environmental protection requirements and features of such operations. Again, the Division is unable to estimate the extent of effort necessary to assist the Department of Agriculture in these efforts until the scope of which training is further defined.

Section 135.678

Officials from the **Department of Revenue (DOR)** assume this section defines “Taxpayer” as a person, firm, a partner in a firm, corporation, or a shareholder in an S corporation doing business in the state of Missouri and subject to the taxes imposed by chapter 143.

Beginning on or after January 1, 2008, a taxpayer shall be allowed to claim a tax credit in an amount equal to 50% of the amount such taxpayer paid to purchase and install reasonably available odor control technology.

The credit cannot exceed \$100,000 per concentrated animal feeding operation per year and the cumulative amount of tax credits that may be issued in any one fiscal year cannot exceed \$2 million.

The CAFO review board, under DNR control is to certify the credits to the taxpayer and DOR.

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

The credits may be transferred, sold, or assigned.

DNR is to promulgate the rules.

This section is to expire before January 1, 2013.

ASSUMPTION (continued)

Section 135.678, 192.300, 261.175, 348.465, 537.295, 640.710, 640.712, 640.713, 640.717 & 640.740

Officials from the **Department of Natural Resources (DNR)** assume this proposal would establish the Concentrated Animal Feeding Operation Review Board (Board) and would authorize the board to issue tax credits equal to 50% of the cost for purchasing and installing reasonably available odor control technology in Class IB, Class IC, or Class II CAFOs. A single tax credit cannot exceed \$100,000, and the cumulative amount of tax credits issued for this purpose will not exceed \$2M in any one year. The tax credit would be taken by the taxpayer in the year issued but could be carried forward for three years until the full credit has been claimed. The taxpayer could sell, assign, convey, or transfer the tax credits authorized by the bill. No tax credit would be issued for tax years beginning on or after January 1, 2013.

No public health order, ordinance, rule, or regulation established by a county commission or county health center board would apply to any CAFO. However, an existing order as of the effective date of the bill would remain in effect until certain standards have been established.

The Department of Agriculture would be required to establish standards for managed environment livestock operations that implement odor control technology and utilize best management practices for the handling and management of animals and animal manure. The department must develop procedures to determine if a CAFO meets these standards within 30 days of the receipt of a permit application.

No CAFO or its appurtenances could be considered a nuisance, private or public, or to trespass by any changed conditions in or about the locality after the facility has been in operation for one year. A CAFO can reasonably expand, diversify, or modernize if all applicable codes, laws, and regulations are met. A CAFO and its appurtenances include any operation used in the production, processing, or storing for commercial purposes of crops, livestock, equine, forestry, swine, poultry, livestock products, swine products, or poultry products. If any action alleging a nuisance or trespass is found to be frivolous, the defendant is to recover his or her costs and expenses, as determined by the court. No CAFO can be considered a nuisance, private or public, or to trespass for conditions associated with farming-related activities conducted by the CAFO or any of its appurtenances except whenever it results from negligence.

All Class I facilities meeting the standards for managed environment livestock operations will retain the current statutory buffer distances. All Class I facilities not meeting the standards will be subject to the following buffer distances: 1) For CAFOs with at least 1,000 animal units,

ASSUMPTION (continued)

1,250 feet; 2) For CAFOs with between 3,000 and 6,999 animal units, 2,500 2,500 feet; and 3) For CAFOs with 7,000 or more animal units, 3,750 feet.

All CAFOs in existence prior to the establishment of the rules required by the bill would not be subject to the revised buffer distances; except if it expands into a higher Classification, the revised buffer distances would apply.

If the department, due to certain factors, recommends a reduced buffer distance, the governing body of the county in which the CAFO is located has 60 days to reject the recommendation or the department will adopt the reduced buffer distance.

The department would be required, by August 28, 2007, to send a draft copy of an operating permit for a new Class IA CAFO to the governing body of the county in which the proposed facility is to be located. If the governing body rejects the draft operating permit within 60 days of receipt, the department would not issue a final permit. If the governing body does not reject the draft permit, the draft permit would be issued as the final permit.

The Missouri Clean Water Commission (Commission) is required to review and revise design guidelines regarding CAFOs. Any proposed Class II CAFO with an operating capacity of more than 650 animal units is required, by August 28, 2007, to obtain a letter of approval from the department. The commission is to review and revise, as necessary, the rules and regulations that must be met in order for the department to issue a letter of approval.

Class II CAFOs must be at least 500 feet from any public building or occupied residence and are subject to neighbor notification requirements. Class II CAFOs are prohibited from locating within one mile of federally owned reservoirs or reservoirs regulated by the Federal Energy Regulatory Commission and from applying manure within one-quarter mile of the reservoirs. This provision would not apply to any CAFO in existence prior to the effective date of this proposal.

Subject to the board's approval, moneys in the Concentrated Animal Feeding Operation Indemnity Fund are to be used to offset the liability of any county to address animal manure spills associated with Class I or Class II CAFOs. Any time the balance in the fund is less than \$500,000, the state would indemnify the difference between \$500,000 and the fund balance. Any state indemnified moneys are to be repaid to the state from moneys collected according to the statutory requirements of CAFOs in Section 640.745, RSMo.

ASSUMPTION (continued)

Due to current lending requirements, and the lack of a fee for the letter of approval (LOAs), the department assumes all new Class II CAFOs would apply for the LOA or permits, even those who are below the 650 animal units.

For purposes of this fiscal note, the department assumes we would utilize contract staff to assist in dealing with the additional workload associated with starting the proposed program.

The permit review and issuance process is essentially the same for LOAs and the voluntary current Class II permits. Accordingly, the review time and expense involved in the issuance of both documents would be the same.

It is difficult to accurately project workload beyond a general estimate of 100 new Class II CAFOs per year. It is unclear how many Class 1 CAFOs may be proposed within those counties which previously imposed health regulations which restricted CAFOs.

There may be as many as 400 Class II CAFOs which may apply for the new LOA in order to clarify their legal status under the new law, and it is unclear how many undocumented animal feeding operations could decide to take advantage of this program since there is no charge for the LOA, and failure to do so would subject the facility to more stringent controls if they apply after the new regulations are issued.

Based on the size and workload of our existing CAFO permitting section, the department assumes we would request two (2) Environmental Engineers and one (1) Environmental Specialist.

These FTEs would receive and process applications for LOAs; review proposed or constructed manure containment structures; review manure management plans; work cooperatively with applicants to achieve state minimums; issue LOAs; work with the Clean Water Commission to research, review and modify, as appropriate rules relating to manure storage structures; notify the Department of Agriculture in writing of all applications for a Concentrated Animal Feeding Operation permit regardless of Class with enough specificity for them to determine whether the CAFO would qualify as a Managed Environment Livestock Operation; and notify the appropriate County Commissions of applications for Class 1A CAFOs or proposed modifications to any buffer zones regardless of class.

**This Proposal Reduces Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2008	FY 2009	FY 2010
	(10 Mo.)		
<b>GENERAL REVENUE</b>			
<u>Cost - Section 267.165 - Department of Agriculture (3.7 FTE)</u>			
Salaries	(\$115,689)	(\$119,159)	(\$122,734)
Fringe Benefits	(\$52,361)	(\$53,931)	(\$55,549)
Equipment & Expense	(\$361,750)	(\$372,603)	(\$383,781)
Subtotal	<u>(\$529,800)</u>	<u>(\$545,693)</u>	<u>(\$562,064)</u>
<u>Cost - Section 142.028 - Department of Agriculture</u>			
Incentive Payment	<u>\$0</u>	<u>\$0</u>	(\$0 to <u>\$2,625,000</u> )
Subtotal	<u>\$0</u>	<u>\$0</u>	(\$0 to <u>\$2,625,000</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 \$3,000,000)</u>	<u>(\$0 to \$3,000,000)</u>	<u>(\$0 to \$3,000,000)</u>
Subtotal	<u>(\$0 to \$3,000,000)</u>	<u>(\$0 to \$3,000,000)</u>	<u>(\$0 to \$3,000,000)</u>
<u>Cost - Section 265.525 - Department of Agriculture (4 FTE)</u>			
Salaries	(\$116,706)	(\$144,248)	(\$148,576)
Fringe Benefits	(\$52,821)	(\$65,287)	(\$67,245)
Equipment & Expense	(\$161,481)	(\$145,230)	(\$149,587)
Subtotal	<u>(\$331,008)</u>	<u>(\$354,765)</u>	<u>(\$365,408)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2008 (10 Mo.)	FY 2009	FY 2010
<u>Cost - Section 348.230, 348.235 &amp; 348.434 - Department of Agriculture</u>			
Program Costs	(\$333,450)	(\$412,144)	(\$424,509)
Equipment & Expense	<u>(\$0 to \$50,000)</u>	<u>(\$0 to \$50,000)</u>	<u>(\$0 to \$50,000)</u>
Subtotal	<u>(\$383,450)</u>	<u>(\$462,144)</u>	<u>(\$474,509)</u>
<u>Cost - Section 348.230, 348.235 &amp; 348.434 - State Treasurer's Office</u>			
Salaries (1 FTE)	(\$32,527)	(\$40,204)	(\$41,410)
Fringe Benefits	<u>(\$14,722)</u>	<u>(\$18,196)</u>	<u>(\$18,742)</u>
Subtotal	<u>(\$47,249)</u>	<u>(\$58,400)</u>	<u>(\$60,152)</u>
<u>Cost - Section 348.434 - Agricultural Product Utilization Contributor Tax Credit Program</u>			
	(\$0 to <u>\$1,000,000)</u>	(\$0 to <u>\$1,000,000)</u>	(\$0 to <u>\$1,000,000)</u>
Subtotal	<u>\$1,000,000)</u>	<u>\$1,000,000)</u>	<u>\$1,000,000)</u>
<u>Cost - Section 348.434 - New General Cooperative Incentive Tax Credit Program</u>			
	(\$0 to <u>\$5,000,000)</u>	(\$0 to <u>\$5,000,000)</u>	(\$0 to <u>\$5,000,000)</u>
Subtotal	<u>\$5,000,000)</u>	<u>\$5,000,000)</u>	<u>\$5,000,000)</u>
<u>Cost - Section 348.505 - Department of Agriculture</u>			
Tax Credits	<u>\$0</u>	<u>(\$850,000)</u>	<u>(\$850,000)</u>
Subtotal	<u>\$0</u>	<u>(\$850,000)</u>	<u>(\$850,000)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2008 (10 Mo.)	FY 2009	FY 2010
<u>Cost - Section 135.660 - Department of Agriculture (1 FTE)</u>			
Salaries	(\$27,467)	(\$33,949)	(\$34,967)
Fringe Benefits	(\$12,432)	(\$15,365)	(\$15,826)
Equipment & Expense	(\$7,801)	(\$6,180)	\$6,365
Tax Credits	<u>\$0</u>	<u>(\$0 to</u>	<u>\$0 to</u>
		<u>\$6,105,000)</u>	<u>\$10,000,000)</u>
Subtotal	<u>(\$47,700)</u>	<u>(\$0 to</u>	<u>\$0 to</u>
		<u>\$6,162,246)</u>	<u>\$10,058,961)</u>
 <u>Cost - Section 135.660 - Department of Revenue (1 FTE)</u>			
Salaries	(\$20,528)	(\$25,372)	(\$26,134)
Fringe Benefits	(\$9,291)	(\$11,483)	(\$11,828)
Equipment & Expense	<u>(\$7,804)</u>	<u>(\$2,887)</u>	<u>(\$2,973)</u>
Subtotal	<u>(\$37,623)</u>	<u>(\$39,742)</u>	<u>(\$40,935)</u>
 <u>Cost - Section 578.018 - Department of Agriculture (1 FTE)</u>			
Salaries	(\$45,021)	(\$55,646)	(\$57,316)
Fringe Benefits	(\$20,377)	(\$25,185)	(\$25,941)
Equipment & Expense	<u>(\$21,624)</u>	<u>(\$1,875)</u>	<u>(\$1,930)</u>
Subtotal	<u>(\$87,022)</u>	<u>(\$82,706)</u>	<u>(\$85,187)</u>
 <u>Cost - Sections 135.678, 192.300, 261.175, 348.465, 537.295, 640.710, 640.712, 640.713, 640.717 &amp; 640.740 - Department of Natural Resources (3 FTE)</u>			
Salaries	(\$127,298)	(\$157,340)	(\$162,060)
Fringe Benefits	(\$57,615)	(\$71,212)	(\$73,348)
Equipment & Expense	<u>(\$337,712)</u>	<u>(\$17,194)</u>	<u>(\$17,711)</u>
Subtotal	<u>(\$522,625)</u>	<u>(\$245,746)</u>	<u>(\$253,119)</u>
 <b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	 <b><u>(\$1,941,477 to</u></b> <b><u>\$10,991,477)</u></b>	 <b><u>(\$2,649,840 to</u></b> <b><u>\$17,806,892)</u></b>	 <b><u>(\$2,703,836 to</u></b> <b><u>\$24,380,639)</u></b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2008 (10 Mo.)	FY 2009	FY 2010
Estimated Net FTE Change for General Revenue	14.7	14.7	14.7
<b>VETERINARY STUDENT LOAN PAYMENT FUND</b>			
<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>
<b>ESTIMATED NET EFFECT ON VETERINARY STUDENT LOAN PAYMENT FUND*</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**\*Net of Revenues and Expenditures**

Fiscal Impact - Federal Government

<b>FEDERAL FUNDS</b>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<u>Savings</u> - <u>Section 267.165</u> - Department of Agriculture			
Salaries	\$115,689	\$119,159	\$122,734
Fringe Benefits	\$52,361	\$53,931	\$55,549
Equipment & Expense	<u>\$361,750</u>	<u>\$372,603</u>	<u>\$383,781</u>
	\$529,800	\$545,693	\$562,064
<u>Loss</u> - <u>Section 267.165</u> - Federal Funding	<u>(\$529,800)</u>	<u>(\$545,693)</u>	<u>(\$562,064)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDING</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

Estimated Net FTE Change for Federal Funding	-3.7	-3.7	-3.7
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<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. The department currently receives approximately \$450,000 federal funding for the National Animal Identification System Initiative.

Section 414.420

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.

FISCAL IMPACT - Small Business (continued)

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.

Section 348.434

Yes. This will have a positive impact on farmers investing in value-added processing entities. They will be able to obtain their tax credits on a more timely basis. In addition, there will be \$1,000,000 available to sell as Agriculture Product Utilization Contributor Tax Credits. The revenue generated from the sale of those credits is the only funding for Missouri Value-Added Grants. The grants providing funding to small businesses for feasibility studies, marketing studies, business planning, etc.

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

Section 348.505

Yes, to the extent that small family farms will not have to pay the first years interest thus they will be more profitable and be able to expand to a more efficient level of production.

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 IMPACT - Small Business (continued)

Section 135.660

Yes. A positive impact in the amount of tax credits being issued.

Yes; to the extent the small business were a qualifying taxpayer, (as defined by this legislation, and made qualifying sales of qualifying beef animals), it could receive a tax credit for the qualifying sale.

FISCAL DESCRIPTION

The proposed legislation prohibits the Department of Agriculture from participating in the National Animal Identification System (NAIS) without specific authorization to do so and may result in a cost to general revenue.

This portion of the proposal contains an emergency clause.

Section 414.420

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 and could reduce total state revenue.

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.

FISCAL DESCRIPTION (continued)

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.

Section 348.235

The proposed legislation is subject to appropriations.

Section 348.434

The proposed legislation increases the cap on the aggregate of certain agricultural tax credits from six million dollars to twelve million dollars.

The portion of this legislation on the Missouri Linked Deposit Program is subject to appropriation.

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.

FISCAL DESCRIPTION (continued)

Section 135.660

The proposed legislation authorizes a tax credit for the sale of certain qualifying beef cattle and could reduce total state revenue.

Section 578.018

The proposed legislation changes the laws regarding the impoundment of an animal suspected of being neglected or abuses and may have an impact on general revenue.

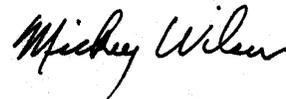
Section 135.678, 192.300, 261.175, 348.465, 537.295, 640.710, 640.712, 640.713, 640.717 & 640.740

This proposed legislation would establish the Concentrated Animal Feeding Operation Board and would authorize the issuance of tax credits for odor control technology.

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 14, 2007