

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2178-03  
Bill No.: SCS for SB 499  
Subject: Agriculture and Animals; Agriculture Dept.  
Type: Original  
Date: April 2, 2007

---

Bill Summary: Allows fuel ethanol produced from qualified biomass to be eligible of certain fuel ethanol production subsidies.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$5,000,000	\$5,625,000	\$5,541,667
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$5,000,000</b>	<b>\$5,625,000</b>	<b>\$5,541,667</b>

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

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<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>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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>

**FISCAL ANALYSIS**

ASSUMPTION

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

Officials from the **Department of Agriculture (MDA)** will not be able to pay ethanol producer incentives once this legislation becomes effective (August 28, 2007). The department will be able to restart ethanol producer payments in January 2008 but will be able to pay a maximum of \$10,000,000 per year.

Qualified fuel ethanol producers will continue to earn incentive payments “until they have received the maximum amount for which they are eligible during the original sixty-month time period.” Therefore, MDA will still need to track and audit all eligible production that occurs during the original sixty-month time period and carry forward the amount earned but not paid. It should be noted that the department received an FY 2007 Supplemental appropriation of \$5,095,191 to pay these accumulated “deferred payments”.

Under current law, MDA expects to pay ethanol incentives totaling \$15,000,000 in FY 2008, \$15,625,000 in FY 2009, and \$15,541,667 in FY 2010. However, this bill limits annual funding to a maximum of \$10,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE</b>			
<u>Savings - Department of Agriculture</u>			
Reduced Incentive Payment	<u>\$5,000,000</u>	<u>\$5,625,000</u>	<u>\$5,541,667</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$5,000,000</u></b>	<b><u>\$5,625,000</u></b>	<b><u>\$5,541,667</u></b>
<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

Possibly. If ethanol incentives are reduced, there may be less economic growth in rural Missouri.

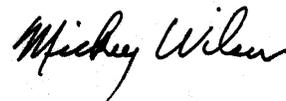
FISCAL DESCRIPTION

The proposed legislation allows fuel ethanol produced from qualified biomass to be eligible for certain fuel ethanol production subsidies. This proposal limits annual funding to a maximum of \$10,000,000.

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

SOURCES OF INFORMATION

Department of Agriculture  
Department of Revenue  
Department of Conservation



Mickey Wilson, CPA  
Director  
April 2, 2007