

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2288-03  
Bill No.: SCS for SB 571  
Subject: Agriculture and Animals; Agriculture Dept.; Motor Fuel  
Type: Original  
Date: April 6, 2007

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Bill Summary: Modifies criteria for calculating the biodiesel production monthly incentive payment.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue#	\$0	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund#</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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 5 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 Natural Resources** do not anticipate a direct fiscal impact from this proposal.

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.

Plant Location	Production Start Date	Max. Annual Production	FY 2008 Payments	FY 2009 Payments	FY 2010 Payments
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

Note, however, that since funding for these four plants is already included in MDA's FY 2008 budget request, MDA does not anticipate a need for any additional funding.

**Oversight** assumes that the legislation only expands where materials may be obtained from.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</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

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

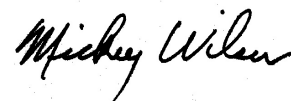
FISCAL DESCRIPTION

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  
Department of Natural Resources



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