

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4116-14  
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SS for SCS for SB 931  
Subject: Agriculture Department  
Type: Original  
Date: May 30, 2008

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Bill Summary: Prohibits the Department of Agriculture from participating in the National Animal Identification System (NAIS) without specific statutory authorization to do so. Places per-year maximum dollar amounts on the amount of loans that can be made and forgiven by the Department of Agriculture through the Large Animal Veterinary Student Loan Program. Modifies provisions pertaining to the administration of agriculture incentives and programs. Creates various tax incentives for certain energy uses.

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
General Revenue	(Greater than \$3,242,842)	(Greater than \$2,768,740 to \$3,318,740)	(Greater than \$1,771,045 to \$3,987,712)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Greater than \$3,242,842)</b>	<b>(Greater than \$2,768,740 to \$3,318,740)</b>	<b>(Greater than \$1,771,045 to \$3,987,712)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Various State Funds	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Federal Funds	(\$450,000)	(\$450,000)	(\$450,000)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(\$450,000)</b>	<b>(\$450,000)</b>	<b>(\$450,000)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
General Revenue	2	2	2
<b>Total Estimated Net Effect on FTE</b>	<b>2</b>	<b>2</b>	<b>2</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 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</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. This proposal would also require the AGR to change "premises identification" to "property identification" in all regulations, policies, publications or correspondence. This would require the AGR to change publications, regulations, forms, i.e. health papers that have been standardized for program uniformity with other states to promote the movement of livestock and poultry and their products interstate for those citizens who wish to voluntarily participate in the program.

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.

**Oversight** assumes the loss in federal funding will be similar to what occurred in the Department of Agriculture's response to a similar proposal in 2007 (SB 428, 1607-02) and has included that dollar amount in this fiscal note instead of using an unknown loss amount. The Department of Agriculture has not included any loss of Federal Funding in their response.

Officials with the **State Treasurer's Office, Department of Agriculture** and **Coordinating Board for Higher Education** assume no fiscal impact to their agency.

Officials from the **Department of Economic Development** and **State Treasurer's Office** assume no fiscal impact to their agency.

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 125 pages in the Code of State Regulations. For any given rule, roughly half again as

ASSUMPTION (continued)

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.

**Oversight** assumes the SOS could absorb the costs of printing and distributing packets and sections of the State Manual related to this proposal. If multiple bills pass which require the printing and distribution of packets at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Revenue (DOR)** assume Personal Tax would require 1 Tax Processing Technician I for every 6,000 credits claimed due to Section 135.633.

**Office of Administration Information Technology (ITSD DOR)** estimates the IT portion of this request can be accomplished within existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement. Office of Administration Information Technology (ITSD DOR) estimates that this proposal could be implemented utilizing 4 existing CIT II for 1 month for modifications to MINITS, COINS, CAFÉ, MITS and Corporate E-file. The estimated cost is \$16,744.

Section 142.028

Officials from the **Department of Agriculture (MDA)** assume a qualified biomass ethanol plant will begin production in September 2010 with a 10 million gallon production annual capacity. At 20 cents-per-gallon the plant would earn \$1,666,667 million in producer incentives in FY11.

Section 144.053 and 144.063

Officials from the **Department of Natural Resources (DNR)** assume this section of the proposal would exempt any new or used farm tractors, machinery, or equipment including parts, supplies, and fuel used to plant, harvest, process, or transport forestry products from state and local sales tax.

DNR's Parks and Soils Tax fund is derived from one-tenth of one percent sales and use tax

ASSUMPTION (continued)

pursuant to Section 47(a) of the Missouri Constitution. The fiscal impact from the exemptions proposed in this proposal is unknown but taken in the aggregate with those sales and use tax exemptions in past and future legislative sessions would result in some loss to the Parks and Sales Tax Fund.

In response to a similar proposal in FY 07, HB 710, 1001-01, the **Department of Revenue** assumed even though this proposal would result in a loss of revenues; Taxation does not anticipate an impact.

**Oversight** could not find information regarding annual expenditures on agricultural fencing to formulate an estimate of the fiscal impact of this proposal. Therefore, Oversight will assume an unknown loss of revenue to the various state and local sales tax funds resulting from this proposal.

Section 206.546

Officials from the **Department of Natural Resources** assume currently political subdivisions and volunteer fire departments can request reimbursement from the Hazardous Waste Fund (HWF) for costs incurred from the response to a hazardous substance release if proof of an immediate need for funds is established or prompt reimbursement from the person having control over the hazardous substance is not anticipated.

If the person having control of the hazardous substance contests the costs associated with the cleanup, the volunteer fire department or political subdivision would bear the burden of proof to justify the costs. This proposal would require the volunteer fire district or political subdivision to specify costs and explain why such costs were reasonable and necessary.

The department would not anticipate a direct fiscal impact from this proposal.

Section 263.232

Officials from the **Department of Conservation (MDC)** assume sections 144.053 and 144.063 of this proposal would appear to have a negative impact on MDC funds. However, MDC is unable to provide the estimate and will rely on DOR for the fiscal impact of this proposal. Section 263.232 of this proposal would not appear to have fiscal impact on MDC funds. Spotted knapweed is uncommon on Missouri Department of Conservation lands. The Department is working to control sericea lespedeza and research and evaluation efforts are underway as well. Other provisions of this proposal would not appear to have significant impact on MDC funds.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources (DNR)** has identified spotted knapweed (*Centaurea stoebe* = *Centaurea biebersteinii*) in 9 state parks (Bennett Spring, Cuivre River, Hawn, Illiniwek SHS, Johnson's Shut-Ins, Meramec, Montauk, St. Joe and Stockton). To comply with the proposal DNR will need to conduct surveys at the parks listed and others to identify the extend of infestation. It is best to identify populations before they become well established. Control is less costly if identified at an early stage. The Department's Division of State Parks estimated \$10,000 to \$20,000 to identify and control knapweed for the listed parks as required by this proposal.

**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 348.230, 348.235 & portions of 348.434

Officials from the **Department of Agriculture** assume subject to appropriations is the following:

There are approximately 109,000 dairy cows in the state. The state average cull rate on dairy cows is about 30%. University of Missouri Commercial Ag Dairy Economists estimate that of the replacement animals going back into the herd, about 15% are actually purchased and the other 85% are raised on the farm. Currently good replacement animals are selling for about \$2,100 per head. Assuming a 8% interest rate and a 30% participation rate by dairy farmers.

$109,000 \text{ head} \times 30\% \text{ cull rate} \times 15\% \text{ purchased} \times \$2,100 \text{ per head} \times 8\% \text{ interest rate} \times 30\% \text{ participation rate} = \$247,212.$

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

$109,000 \times 5\% \text{ increase} \times \$2,100 \text{ per head} \times 8\% \text{ interest rate} \times 30\% \text{ participation rate} = \$274,680.$

TOTAL  $\$247,212 + \$274,680 = \$521,892.$

The maximum cumulative annual grant shall not exceed \$50,000.

Section 348.505

Officials from the **Department of Agriculture (AGR)** assume there is currently a waiting list for Family Farm Breeding Livestock Tax Credits of approximately \$150,000.

ASSUMPTION (continued)

In response to a similar proposal in FY 07, CCS for HCS for SCS for SB 156, 0534-14, the Family Farms Breeding Livestock Loan Program was passed in FY 06 with the tax credit annual limit of \$150,000. Loan applications were approved for the \$150,000 limit with 3 months after becoming effective. Therefore, the assumption is that the expansion would be utilized each year as well.

Section 348.518, 348.521, 348.524, 348.527, 348.530 & 348.533

Officials from the **State Treasurer's Office** assume no fiscal impact to their agency.

Officials from the **Department of Agriculture (AGR)** assume this proposal allows farmers to continue to operate in those years with low commodity or livestock prices and or high feed and input costs. The proposal will also help ensure the long-term viability of Missouri Small to medium farmers.

Based on the historical usage and payments or two other guarantee programs, AGR administers they do not anticipate more than 1 default per year.

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.

**Oversight** assumes the SOS could absorb the costs of printing and distributing packets and sections of the State Manual related to this proposal. If multiple bills pass which require the printing and distribution of packets at substantial costs, the SOS could request funding through the appropriation process.



ASSUMPTION (continued)

Section 135.710

Officials from the **Office of the Secretary of State** (SOS) provided this response.

Many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS 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.

In response to a similar proposal, SCS for SB 749, FN 3365-04, officials from the Office of **Administration, Division of Budget and Planning** (BAP), assume there would be no added cost to their organization as a result of this bill. BAP officials assume the proposal would have the following fiscal impact to the state:

This proposal would create an income tax credit for the construction of an AFV refueling property, equal to the lesser of 20% of construction costs or \$20,000. Tax credit claims would be capped at \$3 million in FY09, \$2 million in FY10, and \$1 million in FY11. Therefore, this proposal would reduce general and total state revenues by those amounts.

**Oversight** will indicate a fiscal impact for this provision from \$0 to the maximum amount of credits for each year.

Alternative Fuel Vehicle Refueling Facility Tax Credit

From January 1, 2009, to January 1, 2012, an eligible applicant who installs and operates a qualified alternative fuel vehicle refueling property would be allowed an income tax credit for any tax year in which the applicant is constructing the refueling property. An "eligible applicant" would be business entity that is the owner of a qualified alternative fuel vehicle refueling property.

ASSUMPTION (continued)

The credit could not exceed the lesser of \$22,000 or 20% of the total costs directly associated with the purchase and installation of any alternative fuel storage and dispensing equipment on any qualified alternative fuel vehicle refueling property. The credits could only be claimed when the applicant files its return in the year the storage and dispensing facility was placed into service. Tax credits which could be claimed by all eligible applicants could not exceed \$3 million for 2009, \$2 million for 2010, and \$1 million for 2011.

The credit would not be refundable but could be carried forward 2 subsequent tax years. The credits could be assigned, transferred, or sold. If the facility that received a credit ceases business, the entity would forfeit any credits. The Department of Revenue would apportion the credit equally among all eligible applicants.

The Department of Natural Resources would certify the credit to the applicant and the Department of Revenue; and the Department of Natural Resources and the Department of Revenue are to promulgate the rules.

DOR assumes that changes to individual income tax forms and instructions would be required; changes to corporate income tax forms and instructions would be required; changes to the MINITS system would be required; changes to the COINS and CAFÉ systems would be required; and Financial Institution Tax system changes would be required.

Alternative Fuel Purchase Tax Credit

Beginning January 1, 2009, a taxpayer who purchases E-85 gasoline would be allowed to claim a tax credit. For 2009, the credit would be 25 cents per gallon of E-85 gasoline or 5 cents per gallon of biodiesel or biodiesel-blended fuel. For 2010 and 2011, the credit would be 20 cents per gallon of E-85 gasoline or 3 cents per gallon of biodiesel or biodiesel-blended fuel purchased by the taxpayer. For 2012 and years, the credit would be 15 cents per gallon of E-85 gasoline or 5 cents per gallon of biodiesel or biodiesel-blended fuel.

DOR provided the following estimate of administrative impact.

Alternative Fuel Vehicle Refueling Facility Tax Credit

Based on information received in the 2006 legislative session, there are only 800 taxpayer's who would qualify for this tax credit. Taxation anticipates absorbing this program with existing staff.

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ASSUMPTION (continued)

Should the number of credits claimed exceed 4,000 the Department would have to request additional staff through the budget process.

Alternative Vehicle Fuel Purchase Tax Credit

Personal Tax would require one FTE Tax Processing Technician I for every 6,000 credits claimed.

Corporate Tax would require one Revenue Processing Technician I for this apportionment.

**This Proposal Reduces Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE</b>			
<u>Cost - Section 142.028 - Department of Agriculture</u>			
Incentive Payment	\$0	\$0	(\$0 to \$1,666,667)
Subtotal	\$0	\$0	(\$0 to \$1,666,667)
 <u>Loss - Section 144.053 &amp; 144.063</u>			
Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
Subtotal	(Unknown)	(Unknown)	(Unknown)
 <u>Cost - Section 348.230, 348.235 &amp; 348.434 - Department of Agriculture</u>			
Program Costs	\$0	(\$521,892)	(\$521,892)
Equipment & Expense	(\$0 to \$50,000)	(\$0 to \$50,000)	(\$0 to \$50,000)
Subtotal	(\$0 to \$50,000)	(\$521,892 to \$571,892)	(\$521,892 to \$571,892)
 <u>Cost - Section 348.505 - Department of Agriculture</u>			
Tax Credits	(\$150,000)	(\$150,000)	(\$150,000)
Subtotal	(\$150,000)	(\$150,000)	(\$150,000)
 <u>Cost - Sections 348.518, 348.521, 348.524, 348.527, 348.530 &amp; 348.533</u>			
Department of Agriculture			
Loan default payment plan	(\$20,000)	(\$20,000)	(\$20,000)
Subtotal	(\$20,000)	(\$20,000)	(\$20,000)

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<u>Section 135.710</u>			
<u>Revenue reductions</u>			
AFV refueling facility tax credits	\$0 to (\$3,000,000)	\$0 to (\$2,000,000)	\$0 to (\$1,000,000)
E-85 fuel tax purchase tax credits	<u>\$0</u>	<u>\$0 to (\$500,000)</u>	<u>\$0 to (\$500,000)</u>
Totals	<u>\$0 to</u> <u>\$3,000,000</u>	<u>\$0 to</u> <u>(\$2,500,000)</u>	<u>\$0 to</u> <u>\$1,500,000</u>
 <u>Cost - Department of Revenue</u>			
Personal Service (2 FTE)	(\$42,292)	(\$52,273)	(\$53,841)
Fringe Benefits	(\$18,702)	(\$23,115)	(\$23,808)
Expense and Equipment	<u>(\$11,848)</u>	<u>(\$1,460)</u>	<u>(\$1,504)</u>
Totals	<u>(\$72,842)</u>	<u>(\$76,848)</u>	<u>(\$79,153)</u>
 <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	 <b><u>(Greater than</u></b> <b><u>\$3,242,842)</u></b>	 <b><u>(Greater than</u></b> <b><u>\$2,768,740 to</u></b> <b><u>\$3,318,740)</u></b>	 <b><u>(Greater than</u></b> <b><u>\$1,771,045 to</u></b> <b><u>\$3,987,712)</u></b>
 Estimated Net FTE on General Revenue Fund	 2	 2	 2
 <b>OTHER STATE FUNDS</b>			
	FY 2009 (10 Mo.)	FY 2010	FY 2011
Loss - School District Trust Fund			
Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
Loss - Conservation Fund			
Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
Loss - Parks and Soil Fund			
Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
 <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	 <b><u>(Unknown)</u></b>	 <b><u>(Unknown)</u></b>	 <b><u>(Unknown)</u></b>

FISCAL IMPACT - Federal Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDING</b>	<b><u>(\$450,000)</u></b>	<b><u>(\$450,000)</u></b>	<b><u>(\$450,000)</u></b>
FISCAL IMPACT - Local Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>LOCAL GOVERNMENTS</b>			
<u>Loss</u> - Local Sales Tax Revenues Sales Tax Exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

### FISCAL IMPACT - Small Business

Yes. components of the National Animal Identification System are being utilized in current disease control programs. By not allowing participating will/could isolate Missouri producers from marketing opportunities and hinder Missouri's capability in disease eradication and surveillance programs.

This proposal also requires the Department of Agriculture to refer to "premise identification" as "property identification". With this change of wording, Missouri would not be in conformity with the Code of Federal Regulations and other states which could hinder interstate movement of livestock and poultry. Health papers and other associated documents utilized by all states have been standardized for program uniformity. Missouri variance from these formats could cause confusion by other states in capturing premise identification numbers for Missouri citizens who wish to voluntarily participate in the program.

Yes. There will be a positive impact on small business in the amount of the grants, first year interest payment, and tax credits. In addition, the Missouri Alternative Fuels Commission 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 received for the fuel feedstock, thereby benefitting Missouri farmers and farm suppliers.

Yes, to the extent the small business could take advantage of the incentives contained within this proposal.

### FISCAL DESCRIPTION

This act modifies provisions pertaining to the administration of agriculture incentives and programs.

### SECTION 135.710 - TAX CREDIT FOR ALTERNATIVE FUEL STATIONS

This act creates an income tax credit for the costs of constructing a qualified alternative fuel vehicle refueling property. The tax credit shall not exceed the lesser of \$20,000 or 20% of the costs directly associated with the purchase and installation of any alternative fuel storage and dispensing equipment. The cumulative amount of credits which may be claimed shall not exceed \$3,000,000 for taxable year 2009. For taxable year 2010, the cumulative amount of tax credits which may be claimed is reduced to \$2,000,000, and for taxable year 2011, the amount is further reduced to \$1,000,000.

FISCAL DESCRIPTION (continued)

SECTIONS 135.800-135.805 - TAX REPORTING REQUIREMENTS

This act makes the Family Farm Breeding Livestock Loan tax credit and the Qualified Beef tax credit subject to the same reporting requirements as what is required for agricultural tax credits under the Tax Credit Accountability Act. The act also requires new generation cooperatives to report under the Tax Credit Accountability Act, when an agricultural tax credit is issued as a result of a producer member investing in the cooperative.

SECTION 142.028 - QUALIFIED BIOMASS FOR FUEL ETHANOL

Under current law, a qualified fuel ethanol producer is eligible for a monthly grant for fuel ethanol produced from Missouri agricultural products. This act allows such fuel ethanol to also be produced from biomass that is qualified by the Missouri Agricultural and Small Business Development Authority (MASBDA) in consultation with the Conservation Commission. Fuel ethanol grant incentives paid for fuel ethanol produced from biomass are authorized between January 1, 2009 and December 31, 2019 and shall only be available to two producers, with each producer limited to total payments of \$7.5 million.

SECTION 144.053 - SALES TAX EXEMPTION FOR FORESTRY EQUIPMENT

Any new or used farm tractors, machinery, or equipment, including parts, supplies, and fuel, used to plant, harvest, process, or transport forestry products shall be exempt from state and local sales tax, similar to other farm machinery in section 144.030.

SECTION 144.063 - SALES TAX EXEMPTION FOR FENCING AND FUEL

This act creates a sales tax exemption for the purchase of fencing materials and motor fuel, when such materials or fuel is to be used for agricultural purposes.

SECTION 260.546 - HAZARDOUS SUBSTANCE SPILL CLEANUP

Current law makes an owner of a released hazardous substance liable for reasonable cleanup costs. This act adds the requirement that the costs for which the owner is liable also be "necessary." The act adds costs incurred for cleaning up any hazardous substances to the costs for which an owner is liable.

The act specifies a 60-day timeframe in which the political subdivision or volunteer fire protection association involved in the cleanup must submit the itemized statement of costs to the



FISCAL DESCRIPTION (continued)

owner of the released substance. The statement of costs must include certain explanations for why the costs were incurred.

In the event of an appeal by the owner of the released hazardous substance, the burden of proof is on the political subdivision or volunteer fire protection association to justify the cleanup costs. The act increases the timeframe from 30 days to 60 days in which the Director of the Department of Natural Resources must notify the involved parties of his or her decision regarding an appeal.

SECTIONS 261.035-261.239 and 265.200 - DEPARTMENT OF AGRICULTURE NAME CHANGES

The act makes the following name changes in the Department of Agriculture: the Marketing Division to the "Agriculture Business Development Division;" the Marketing Development Fund to the "Agriculture Business Development Fund;" the Missouri Agricultural Products Marketing Development Fund to the "AgriMissouri Fund;" and the Citizen's Advisory Commission for Marketing Missouri Agricultural Products to the "AgriMissouri Advisory Commission."

SECTION 263.232 - NOXIOUS WEED CONTROL

This act makes the plant spotted knapweed subject to existing noxious weed control laws.

SECTION 267.168 - NATIONAL ANIMAL IDENTIFICATION SYSTEM

The State of Missouri may support a voluntary animal identification program. The act prohibits the Missouri Department of Agriculture from mandating premises registration under the U.S. Department of Agriculture's National Animal Identification System (NAIS) program unless the Department is specifically statutorily authorized to do so.

Participants in the NAIS may withdraw from the program at any time and all of their personal information shall be deleted at the time of withdrawal unless a participant is part of an ongoing disease investigation.

The Governor may waive the provisions of this section if the provisions interfere with the marketing of Missouri livestock.

SECTION 278.070 - WATERSHED SUBDISTRICT

The act adds a definition for subdistrict, watershed subdistrict, and watershed district.

FISCAL DESCRIPTION (continued)

SECTION 281.260 - PESTICIDES

Retailers shall be given a reasonable amount of time in which to dispose of existing stocks of pesticides in the event that a manufacturer or distributor stops registering the product.

SECTIONS 340.337-340.396 - LARGE ANIMAL VETERINARY STUDENTS

This act modifies provisions pertaining to the Large Animal Veterinary Medicine Loan Repayment Program and the Large Animal Veterinary Student Loan Program.

The act adds the requirement that permanent residency be "lawful" as a criteria for the eligibility standards applicable to participants in the Large Animal Veterinary Medicine Loan Repayment Program.

Currently, eligible veterinary students at the University of Missouri may be awarded up to \$80,000 worth of Large Animal Veterinary Student loans for veterinary school. This act specifies that no more than \$20,000 may be awarded per academic year and does not allow the loans to be awarded retroactively.

Under current law, the Department of Agriculture can forgive loans made through the Large Animal Veterinary Student Loan Program in exchange for large animal veterinary service in under-served parts of the state. This act places a dollar limit of \$20,000 as the maximum amount that shall be forgiven by the Department per year of qualified service.

Under current law, a loan recipient is required to begin repayment within one year of completing the veterinary degree program unless the individual fulfills the qualified service requirement. The act requires a loan recipient who fails to meet the qualified service requirement to begin repayment within 6 months of the first day on which he or she did not meet the service requirement.

The act allows the Department to grant a loan deferment to anyone who is on active duty in any branch of the U.S. armed forces.

The Large Animal Veterinary Student Loan Program shall expire on June 30, 2013.

The act reorganizes the sections pertaining to the Large Animal Veterinary Student Loan Program.

FISCAL DESCRIPTION (continued)

SECTIONS 348.230-348.235 - DAIRIES

Subject to appropriation, MASBDA shall pay for the first full year of interest on any applicable Missouri linked deposit program loan, provided the loan pertains to the acquisition of dairy cows. MASBDA may charge a fee up to \$50 for this service.

Subject to appropriation not to exceed \$50,000, MASBDA shall award dairy business planning grants for up to \$5,000 per grant or no greater than 90% of the cost of the plan, whichever is less. MASBDA may charge a fee up to \$50 to apply for a grant. Eligible applicants for the grants shall be existing or start-up dairy operations in Missouri that are at least 51% owned by Missouri residents. MASBDA may promulgate rules for the grant program to establish eligibility and award criteria.

SECTIONS 348.430-348.432 - "IN STATE" REQUIREMENT

A new generation cooperative must operate within the state in order to be eligible for either the Agricultural Product Utilization Contributor tax credit or the New Generation Cooperative Incentive tax credit.

SECTION 348.505 - TAX CREDIT MAXIMUM INCREASE

The total cumulative amount of tax credits issued by MASBDA per fiscal year for interest waived for family farm livestock loans is increased from \$150,000 to \$300,000.

SECTIONS 348.515-348.533 - LOAN GUARANTEE PROGRAM

MASBDA shall develop and implement a Livestock Feed and Crop Input Loan Guarantee Program, which shall provide loan guarantees for up to 50% of the amount of a loan on a declining principal basis, not to exceed \$40,000 per individual loan. The loan guarantee program shall make such payment to eligible lenders in the event of loan default by recipients of loans given for the purpose of purchasing or growing feed for livestock production.

Beginning in fiscal year 2009, up to \$4 million may be appropriated to administer the program. The act describes eligibility and other administrative requirements.

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

L.R. No. 4116-14

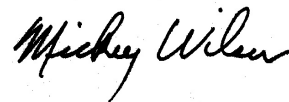
Bill No. Truly Agreed To and Finally Passed CCS for HCS for SS for SCS for SB 931

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## SOURCES OF INFORMATION

Secretary of State's Office  
Department of Conservation  
Department of Natural Resources  
Department of Revenue  
Department of Economic Development  
State Treasurer's Office  
Coordinating Board for Higher Education  
Department of Agriculture  
Office of Administration  
    Division of Budget & Planning  
Missouri House of Representative  
Missouri Senate



Mickey Wilson, CPA  
Director  
May 30, 2008