

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1511-04  
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SB 342  
Subject: Agriculture and Animals; Agriculture Department  
Type: Original  
Date: June 10, 2013

Bill Summary: This proposal changes laws regarding agriculture.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue*	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$3,000,000)</b>	<b>(\$3,000,000)</b>	<b>(\$3,000,000)</b>

\* This credit has an annual cap that could raise the above stated revenue reduction to no more than \$3,000,000 per year.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Note: No fiscal impact is shown for §348.521; however, changes to this section would increase the state's overall financial exposure from \$20,000 to \$50,000 per loan if defaulted.**

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</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 2014</b>	<b>FY 2015</b>	<b>FY 2016</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 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### § 64.196 - Liquefied Petroleum Gas:

**Oversight** notes this provision states no county building ordinance shall conflict with liquefied petroleum gas installations. This provision will not result in a direct fiscal impact to state or local government funds.

#### § 135.305 - Wood Energy Tax Credit:

In response to a similar proposal from this year, SB 204, officials at the **Office of Administration - Budget and Planning** assumed this proposal extends the wood energy tax credit until August 28, 2019, and creates an annual cap of \$3 million. This will reduce General and Total State Revenues by that amount.

Officials at the **Department of Natural Resources** assume no additional direct impact from this proposal. The duties would continue to be absorbed by existing staff.

Officials at the **Department of Revenue** assume there is no fiscal impact from this proposal.

**Oversight** notes that according to the Tax Credit Analysis submitted by the Department of Natural Resources regarding this program, the Wood Energy tax credit program had the following activity;

	FY 2010	FY 2011	FY 2012
Certificates Issued (#)	16	17	9
Amount Issued	\$3,204,481	\$3,269,364	\$3,060,710
Amount Redeemed	\$1,546,453	\$3,818,378	\$2,282,401

**Oversight** assumes this tax credit was to expire on June 30, 2013 (FY 2013). This proposal extends the tax credit until June 30, 2019 (FY 2019); therefore, **Oversight** will show a loss to state revenue for the credits issued in FY 2014, FY 2015 and FY 2016. This proposal places a \$3.0 million cap on this credit. **Oversight** will reflect a loss of revenue to the State equal to the cap of \$3.0 million since the average amount issued over the last four years was \$3,294,970.

ASSUMPTION (continued)

§ 142.800 - Motor Fuel Tax:

**Oversight** notes this provision defines the term "additive" as a substance designed to increase engine power or performance introduced by injection or other means into a fuel system but which is not capable of propelling the vehicle without the primary fuel. Use of additive fuels does not require compliance with the alternative fuel decal fee.

**Oversight** assumes this provision would not have a fiscal impact.

§ 262.598 - University of Missouri Extension Councils:

In response to the previous version of this proposal, officials from the **Platte County Board of Election Commissioners** assumed there would be costs for an election for any county conducting an election. Costs per election would range from \$50,000 to \$60,000, depending upon the number of other participants involved in any specific election, as costs would be prorated based upon the number of registered voters within each district.

In response to the previous version of this proposal, officials from the **Kansas City Election Board (KCEB)** stated the cost to conduct a city-wide general municipal election can range up to \$350,000 depending on the number of entities participating and the number of registered voters in each jurisdiction requesting the election. The KCEB would need more information about the size and locations of these "districts" before they could give a more accurate estimate of these costs.

**Oversight** assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.

§ 262.975 - Missouri International Agricultural Exchange Website:

**Oversight** notes this provision establishes the Missouri International Agricultural Exchange website to allow Missouri agricultural producers to market Missouri-produced goods to international buyers.

Officials at the **Department of Agriculture (AGR)** assumes this provision would have a minimal fiscal impact on AGR and could be implemented with existing resources.

ASSUMPTION (continued)

**Oversight** assumes the website developer awarded the contract for development of the exchange website would be responsible for all costs related to this proposal.

**Oversight** assumes any fiscal impact from this provision would be an indirect fiscal impact and will not be reflected in the fiscal note.

§ 348.521 - Livestock Feed and Crop Loan Guarantee:

Officials from the **Department of Agriculture** and **Department of Economic Development** each assume this section of the proposal would not fiscally impact their respective agencies.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this section of the proposal would increase the maximum loan amount for the Livestock Feed and Crop Input Loan Guarantee Program and could impact general revenue if loans are defaulted.

BAP assumes the section does not change current statutory caps limiting the amount to be spent on loan guarantees at \$4 million.

**Oversight** assumes this section of the proposal permits the Missouri Agricultural and Small Business Development Authority to increase the maximum livestock feed and crop input loan guarantees from \$40,000 to \$100,000.

**Oversight** assumes in the event of a default on a livestock feed and crop input loan, the State of Missouri will provide a 50% first loss guarantee for the purchase of livestock feed used to produce livestock or inputs used to produce livestock feed. Currently the state liability is \$20,000 per loan and this section of the proposal will increase the state's liability to \$50,000 per loan.

**Oversight** assumes any livestock feed and crop input loan default would have a direct impact on the state General Revenue Fund. However, since the program's inception, no loan default has occurred. Therefore, **Oversight** assumes no direct fiscal impact on state or local government funds, but this section of the proposal would increase the state's overall financial exposure.

ASSUMPTION (continued)

§§ 442.571 & 442.576 - Alien or Foreign Business Ownership of Agricultural Land

**Oversight** notes this provision prohibits aliens or foreign businesses from owning agricultural land if the total aggregate alien and foreign ownership of agricultural acreage in Missouri exceeds one percent of the total aggregate agricultural acreage. Sale, transfer, or acquisition of any agricultural land must be approved by AGR.

§ 644.029 - Clean Water Law:

Officials from the **Department of Natural Resources (DNR)** state this provision would allow the department to provide an appropriate schedule of compliance to facilities making upgrades or changes in order to meet water quality standards. DNR is required to incorporate new water quality requirements into existing permits at the time of renewal unless there are compelling reasons to incorporate the changes sooner with a permit modification.

DNR does not anticipate a direct fiscal impact from this proposal.

§ 1 - Mining Permits Near an Accredited School:

**Oversight** assumes this section of the proposal modifies the provisions of section 444.771 related to limitations on mining permits near an accredited school. This section of the proposal exempts Cape Girardeau County from this prohibition.

**Oversight** assumes this section of the proposal could have an indirect fiscal impact on Cape Girardeau County and small businesses in that county, but would require action by an underground mining operation whose mine plan boundary is within one thousand feet of any real property where an accredited school has been located for at least five years prior to the application for permit.

For the purpose of the fiscal note, **Oversight** will assume the changes from this provision will not result in any direct fiscal impact.

ASSUMPTION (continued)

Bill as a Whole:

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS 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 regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Office of Attorney General (AGO)** assume that any potential costs arising from this proposal can be absorbed with existing resources. If significant cases result over time, the AGO would seek additional appropriations.

Officials from the **Department of Agriculture, Department of Economic Development, Department of Revenue, Missouri State Tax Commission, Office of State Courts Administrator, Joint Committee on Administrative Rules, University of Missouri, Linn State Technical College, Missouri State University, University of Central Missouri, St. Louis County, and St. Louis Sewer District** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE</b>			
<u>Revenue Reduction - DNR</u>			
§ 135.305 Extension of the Wood Energy Tax Credit *	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$3,000,000)</u></b>	<b><u>(\$3,000,000)</u></b>	<b><u>(\$3,000,000)</u></b>

**Note: No fiscal impact is shown for §348.521; however, changes to this section would increase the state's overall financial exposure from \$20,000 to \$50,000 per loan if defaulted.**

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

§ 135.305 - Wood Energy Tax Credit:

Small businesses that are wood energy producers and receive this credit could have a positive fiscal impact from this provision.

§262.598 - University of Missouri Extension Councils:

In the event a tax is approved, any small business in the area that approves a tax for an extension district would be affected.

§ 348.521 - Livestock Feed and Crop Loan Guarantee:

Direct fiscal impact to small business farmers could result from this section of the proposal.



## FISCAL DESCRIPTION

### § 135.305 - Wood Energy Tax Credit:

Currently, the Wood Energy Tax Credit program may not authorize further tax credits after June 30, 2013. This provision allows tax credits to be authorized under this program until June 30, 2019. This act also prohibits more than three million dollars in tax credits under this program in any fiscal year.

### § 348.521 - Livestock Feed and Crop Loan Guarantee

Currently, the Missouri Agricultural and Small Business Development Authority may issue loans for livestock feed and crop input to individuals for up to forty thousand dollars. This section raises the loan amount to one hundred thousand dollars.

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  
Department of Revenue  
Department of Economic Development  
Office of Secretary of State  
Office of the Attorney General  
Office of Administration - Division of Budget and Planning  
Missouri Tax Commission  
Office of State Courts Administrator  
Joint Committee on Administrative Rules  
University of Missouri  
Linn State Technical College  
Missouri State University  
University of Central Missouri  
St. Louis County  
Platte County Board of Election Commissioners  
City of Kansas City Election Board  
St. Louis City Sewer District



Ross Strope  
Acting Director  
June 10, 2013