

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0110-08
Bill No.: Truly Agreed To and Finally Passed HCS for SS for SCS for SB 12
Subject: Agriculture and Animals; Agriculture Department; Appropriations; Bonds - Surety; Business & Commerce; County Government; Higher Education; Insurance - General; Liability; Licenses - Professional; Transportation; Veterinarians
Type: Original
Date: May 4, 2015

Bill Summary: This proposal modifies provision relating to agriculture.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Road Fund	(Over \$100,000)	(Over \$100,000)	(Over \$100,000)
Total Estimated Net Effect on Other State Funds	(Over \$100,000)	(Over \$100,000)	(Over \$100,000)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§ 262.900 - Urban Agricultural Zones:

Officials from the **Office of Administration - Division of Budget and Planning** assume the revised definition of processing Urban Agriculture Zones (UAZ) from this provision could redirect some local sales taxes and limit growth in property tax revenues for the Blind Pension Fund and local governments, including school districts, if levies are not otherwise adjusted, this proposal could potentially impact total state revenues and the state's Article X, 18(e) calculation.

In response to the previous version of this proposal, officials from **the Department of Elementary and Secondary Education (DESE)** assumed under current law, local sales tax revenues received from the sale of products sold in the UAZ, with specific exceptions, are deposited in the "Urban Agricultural Zone Fund" to which school districts may apply for funds to be used for the development of curriculum on or the implementation of urban farming practices.

DESE assumed should the UAZs be established and the resulting local sales tax revenues be deposited into the urban agricultural zone fund, then this provision would divert 50% of the monies in the fund to municipalities that have urban agricultural zones based upon the municipality's percentage of local sales tax revenues deposited into the fund. Upon appropriation, the municipalities shall provide fund moneys to urban agricultural zones within the municipality for improvements.

Officials from the **Department of Revenue (DOR)** assume this proposal allows for any local sales tax revenues received from the sale of agricultural products sold in the Urban Agricultural Zone or received by a mobile unit associated with a vending Urban Agricultural Zone in the same municipality where it is located to be deposited in the Urban Agricultural Zone fund. The Urban Agricultural Zone Fund will split the money with 50 percent given to school districts and 50 percent allocated to municipalities that have Urban Agricultural Zones based on the municipality's percentage of local sales tax revenues deposited in the fund. The municipalities will, upon appropriation, provide fund money to Urban Agricultural Zones within the municipality for improvements.

DOR assumes one-time ITSD costs of (\$23,814) in FY16 to implement this program.

ASSUMPTION (continued)

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials from the **City of Kansas City (KC)** assume this provision allows KC to retain 50% of local sales taxes generated from the sale of agricultural products. The reinvestment of those funds into urban agricultural zone activities is anticipated to further spin-off additional economic development and revenue growth. The amount of growth cannot be determined as it is dependent on the extent to which urban agricultural zones are established and the extent of their retail sales.

Officials from the **City of Columbia** state since the city has no urban agricultural zones, there would be no fiscal impact until one is established and even then the fiscal impact would be minimal.

Oversight assumes this provision could have a fiscal impact on the Urban Agricultural Zone Fund from additional sales of agricultural products from a mobile unit within a vending UAZ. Municipalities who set up a UAZ and direct revenues to the UAZ fund would expect to see fund allocations for UAZ curriculum and UAZ improvements within the zone.

Oversight notes according to the Department of Agriculture, “no UAZ’s have been established in the state of Missouri”. Therefore the provision has no current direct fiscal impact.

§ 275.352 - Beef Commodity Merchandising Fees:

Officials from the **Department of Agriculture (AGR)** assume this provision would require a programming change in on-line forms used by livestock markets. AGR estimates the cost of these programming changes to be \$3,000, which would be paid from the existing administrative fees paid to AGR for administering the program.

§ 277.040 - Livestock Marketing Law Fees:

Officials from the **Office of Administration - Division of Budget and Planning** assume this provision would limit the revenue of fees collected to no more than the total costs of administering the Missouri Livestock Marketing Law. This could impact total state revenues and the state’s Article X, Section 18(e) calculation.

ASSUMPTION (continued)

These fees are deposited into the Livestock Sales and Markets Fund; in FY13 expenditures from the fund totaled \$9,093 and revenues in FY14 totaled \$9,000.

Officials from the **Department of Agriculture** assume this provision would not fiscally impact their agency.

§ 281.065 - Commercial Pesticide Applicators:

Officials from the **Department of Agriculture** and the **Department of Natural Resources** each assume this provision would not fiscally impact their respective agencies.

In response to the previous version of this proposal, the **Department of Insurance, Financial Institutions and Professional Registration** assumed this provision would not fiscally impact their agency.

§304.180 - Weight Limitations on Vehicles Hauling Milk & Livestock:

In response to the previous version of this proposal, officials from the **Department of Transportation (MoDOT)** assumed an unknown negative impact to the Road Fund from the increased cost of additional wear and tear to the highways and bridges from this provision.

Oversight will estimate a cost to the Road Fund of “(Over \$100,000)”, since MoDOT has no way to quantify the dollar amount of additional wear and tear to the highways and bridges for additional maintenance.

§ 414.300 - Fuel Labeling:

Officials from the **Department of Agriculture (AGR)** assume the fiscal impact of this provision is unknown. The Weights and Measures Division will need to confer with stakeholders to discuss and develop rules for renewable fuels and the labeling of motor fuel pumps.

Oversight assumes AGR will absorb any costs related to this provision with existing administrative staff.

ASSUMPTION (continued)

§ 442.571- Foreign Ownership of Agricultural Land:

Officials from the **Department of Agriculture** and **Office of the Attorney General** each assume this provision would not fiscally impact their respective agencies.

In response to the previous version of this proposal, officials from the **Office of State Courts Administrator, Missouri Tax Commission, Monroe County, and St. Louis County** each assumed this provision would not fiscally impact their respective agencies.

§ 537.325 - Liability for Livestock Activities:

Officials from the **Department of Agriculture** assume this provision would not fiscally impact their agency.

Oversight assumes this provision expands the limited liability to a livestock sponsor, a livestock owner, a livestock facility and a livestock auction market for injuries or death from accidents associated with livestock activities. There is no direct fiscal impact from this provision on state or local government funds.

Bill as a Whole:

Officials from the **Department of Higher Education, Department of Conservation, Department of Natural Resources, State Treasurer's Office, Office of the Attorney General, University of Central Missouri, and Missouri State University** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
ROAD FUND			
<u>Costs - MoDOT</u>	(Over	(Over	(Over
§ 304.180 - Increased Maintenance	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>
ESTIMATED NET EFFECT TO THE ROAD FUND	(Over <u>\$100,000)</u>	(Over <u>\$100,000)</u>	(Over <u>\$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

§ 262.900 - Urban Agricultural Zones:

Direct fiscal impact to a small business “mobile unit” within an established UAZ, or a small business that processes livestock, poultry, or produce for human consumption within an established UAZ could be expected from this provision.

§ 281.065 - Commercial Pesticide Applicators:

Direct fiscal impact to small business pesticide applicators could be expected as a result of this proposal.

§304.180 - Weight Limitations on Vehicles Hauling Milk & Livestock:

Small businesses that haul large loads of livestock and/or agriculture products could be impacted by this provision.

§ 537.325 - Liability for Livestock Activities:

This provision would provide small business livestock farmers, livestock facilities, and livestock auction markets an expanded limited liability for livestock activities, which may lower their insurance rates and provide them protection in a lawsuit.

FISCAL DESCRIPTION

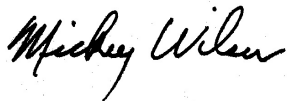
§304.180 - Weight Limitations on Vehicles Hauling Milk & Livestock:

This provision adds grain, grain co-products, and livestock to the current milk exemption for weight limitations on highways, and applies such exemption to all highways with the exception of Interstates.

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
Office of Administration - Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Natural Resources
Department of Insurance, Financial Institutions and Professional Registration
Department of Transportation
Department of Revenue
Department of Higher Education
Department of Conservation
Office of the Attorney General
Missouri Tax Commission
Office of State Courts Administrator
State Treasurer's Office
University of Central Missouri
Missouri State University
City of Columbia
St. Louis County
Monroe County



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