

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0161-02
Bill No.: SB 178
Subject: Agriculture and Animals; Agriculture Department; Conservation Department;
 Fishing and Hunting; Health Department
Type: Original
Date: February 11, 2015

Bill Summary: This proposal modifies provisions relating to captive cervids.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or (could exceed \$100,000)	\$0 or (could exceed \$100,000)	\$0 or (could exceed \$100,000)
Total Estimated Net Effect on General Revenue	\$0 or (could exceed \$100,000)	\$0 or (could exceed \$100,000)	\$0 or (could exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 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

§§ 144.010, 196.162, 262.900, 265.300, 265.420, 265.550, 267.565, and 277.020 - Captive Cervids:

Officials from the **Department of Conservation (MDC)** assume an unknown fiscal impact from this proposal.

Oversight assumes no direct fiscal impact to MDC from this proposal.

Officials from the **Department of Agriculture (AGR)** assume an unknown fiscal impact because it is difficult to estimate the level of demand for state meat inspection services for captive cervids.

AGR assumes if the demand for captive cervids is minimal, it could be accommodated with existing staff. However, additional staff would be required if there is substantial demand for meat inspection services for captive cervids.

Oversight assumes this proposal could increase demand for meat inspection services provided by the AGR State Meat and Poultry Inspection Program by adding cervids to the definition of livestock.

Oversight notes in FY13 AGR reported having 10.5 inspectors who provide inspection services to 36 official meat processing establishments and 146 custom exempt facilities with a salary range between \$41,000 and \$50,000.

Oversight assumes an additional 2 FTE for meat inspections for AGR would result in a cost of approximately \$100,000 or more to the General Revenue Fund.

Oversight assumes the fiscal impact of this proposal is \$0 or could exceed \$100,000 cost, if additional demand for meat processing inspectors is needed.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would add captive cervids to the definition of livestock. This proposal would allow the sale of captive cervids to be exempt from sales tax.

ASSUMPTION (continued)

DNR's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Therefore, any additional sales and use tax exemption would be a loss to the Parks and Soils Sales Tax Funds.

DNR assumes providing state and local sales and use tax exemptions as stated in this proposal decreases the amount of funding available in the Parks and Soils Sales Tax Funds. These funds have been used for the acquisition and development, maintenance and operation of state parks and historic sites and to assist agricultural landowners through voluntary programs.

DNR assumes the Department of Revenue and Office of Administration - Division of Budget and Planning will provide a more detailed account of the fiscal impact that would result from this proposal.

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assume if a sales tax exemption occurs as a result of the revised definition of livestock in Section 144.010 there will likely be an unknown negative impact on general revenue (DOR reports that captive cervids are currently not distinguished as livestock for tax purposes).

B&P assumes the revised definition of livestock in Section 262.900 relating to Urban Agriculture Zones 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.

Officials from the **Department of Revenue** assume the proposal would have no direct fiscal impact.

Oversight assumes under current law (Sec. 144.010.1 RSMo.) and the Wildlife Code (3 CSR 10-4.110) harvested captive white-tailed deer or cervids are defined as wildlife, cannot be sold, and not subject to sales tax. Defining captive cervids as livestock and exempting the sale of harvested captive cervid meat from sales tax would have no direct fiscal impact on the General Revenue Fund, Blind Pension Fund, local governments, and school districts.

Officials at the **Office of Attorney General (AGO)** assumes it may be responsible for providing legal representation to state agencies in litigation that may arise from this proposal. AGO assumes that costs are unknown. AGO assumes that any potential costs can be absorbed with existing resources. AGO may seek additional appropriations if the proposal results in a significant number of cases.

ASSUMPTION (continued)

Oversight assumes the AGO could absorb any potential costs related to this proposal.

Officials from the **Office of the Secretary of State (SOS)** state 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 recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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 from the **Department of Health and Senior Services, Department of Revenue,** and the **Joint Committee on Administrative Rules** 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
GENERAL REVENUE FUND			
<u>Cost - AGR</u>			
§ 196.162 - Additional State Meat Inspectors	\$0 or (could exceed <u>\$100,000</u>)	\$0 or (could exceed <u>\$100,000</u>)	\$0 or (could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	\$0 or (could exceed <u>\$100,000</u>)	\$0 or (could exceed <u>\$100,000</u>)	\$0 or (could exceed <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

§§ 144.010, 196.162, 262.900, 265.300, 265.420, 265.550, 267.565, and 277.020 - Captive Cervids:

Direct fiscal impact to small businesses that raise elk or cervids for processing would be expected as a result of this proposal.

FISCAL DESCRIPTION

§§ 144.010, 196.162, 262.900, 265.300, 265.420, 265.550, 267.565, and 277.020 - Captive Cervids:

This proposal adds captive cervids to the definition of livestock. This proposal allows the sale of captive cervids to be exempt from sales tax, allows captive cervids to be considered livestock for the purposes of urban agricultural zones, subjects captive cervids to the Missouri Livestock Disease Control and Eradication law, the Missouri Livestock Marketing Law, and regulation and marketing of agricultural products.

Currently, captive wildlife is defined to include captive white-tailed deer and captive elk. This proposal specifies that the term captive wildlife only include captive cervids and captive elk classified as wildlife and not as livestock.

This proposal allows captive cervid meat to be sold so long as the captive cervids are commercially raised for food, are inspected by the Department of Health and Senior Services and the Department of Agriculture, and are inspected by the USDA in accordance with federal regulations. The meat shall also be labeled accordingly.

This proposal requires that commercial plants that slaughter captive cervids to keep certain records, including the cervid's official federal identification tag. If the captive cervid does not have an official federal identification tag, the commercial plant shall not slaughter the animal and shall notify the Department of Agriculture.

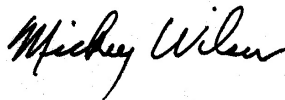
FISCAL DESCRIPTION (continued)

This proposal bans farms raising captive cervids defined as livestock from having more than 7 captive cervids per acre of land. The farm shall also be subject to annual inspection by the Department of Agriculture.

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 Conservation
Department of Natural Resources
Department of Health and Senior Services
Department of Agriculture
Department of Revenue
Joint Committee on Administrative Rules
Office of Administration - Division of Budget and Planning
Office of Secretary of State
Office of the Attorney General



Mickey Wilson, CPA
Director
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Ross Strobe
Assistant Director
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