

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1819-01
Bill No.: SB 371
Subject: Agriculture and Animals; Agriculture Department; Business & Commerce;
 Economic Development; Motor Fuel
Type: Original
Date: March 10, 2015

Bill Summary: This proposal repeals a section relating to the expiration date of economic subsidies for Missouri qualified fuel ethanol.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or (up to \$4,790,895)	\$0 or (up to \$4,790,895)	\$0 or (up to \$4,790,895)
Total Estimated Net Effect on General Revenue	\$0 or (up to \$4,790,895)	\$0 or (up to \$4,790,895)	\$0 or (up to \$4,790,895)

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 6 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

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§142.029 - Economic Subsidies for Fuel Ethanol Producers:

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assume the proposal would eliminate the sunset for the Missouri Qualified Producer Incentive Program. The last payment to a qualified ethanol producer occurred in FY13. It is unknown how many ethanol production facilities may be established and qualify as a qualified ethanol producers in the future. A general revenue transfer to the Missouri Qualified Fuel Ethanol Producer Incentive Fund is used to pay for these incentives.

B&P assumes an unknown cost to the General Revenue Fund from this proposal.

Officials from the **Department of Agriculture (AGR)** note all existing ethanol producers in Missouri have already qualified and received funding subsidies for the 60 month time period they were eligible under the Ethanol Producer Incentive Program. AGR state they are unaware of any plans for new construction of either traditional corn or biomass-based ethanol plants in Missouri.

AGR assumes the removal of the sunset date does allow for the possibility of additional ethanol incentives at some time in the future. AGR assumes a fiscal impact of \$0 to an unknown cost from this proposal.

AGR provided the following total Missouri Ethanol Production and Payment information from FY00 - FY13.

ASSUMPTION (continued)

<u>Fiscal Year</u>	<u>Production</u>	<u>Payments</u>
00	1,810,801	\$364,259
01	22,523,273	\$4,524,989
02	40,011,740	\$4,905,706
03	43,464,260	\$3,093,748
04	59,793,540	\$3,576,485
05	79,436,946	\$5,340,834
06	110,834,572	\$8,102,393
07	154,485,337	\$13,687,990
08	187,820,705	\$9,191,905
09	222,019,498	\$12,500,000
10	254,072,540	\$13,366,382
11	260,167,086	\$9,375,000
12	254,044,088	\$8,802,378
<u>13</u>	<u>257,623,905</u>	<u>\$4,790,895</u>
Total	1,948,208,290	\$101,622,967

Source: Department of Agriculture

Oversight assumes this proposal would permit additional appropriations from the General Revenue Fund after the expiration date (12/31/15) for new construction of corn or biomass ethanol producers. For the purpose of the fiscal note, Oversight will show \$0 (no new construction) or a cost up to (\$4,790,895), the most recent ethanol incentive payment paid from general revenue in FY13, if new construction occurs and incentives are passed.

Officials from the **Department of Transportation** and the **Department of Revenue** 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>Costs - AGR</u>			
§142.029 - Ethanol Producer Incentives	\$0 or (up to <u>\$4,790,895</u>)	\$0 or (up to <u>\$4,790,895</u>)	\$0 or (up to <u>\$4,790,895</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (up to <u>\$4,790,895</u>)	\$0 or (up to <u>\$4,790,895</u>)	\$0 or (up to <u>\$4,790,895</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

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

§142.029 - Economic Subsidies for Fuel Ethanol Producers:

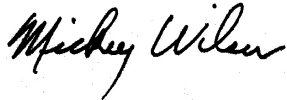
Currently, the economic subsidies that are available to Missouri qualified fuel ethanol producers will expire on December 31, 2015. This act repeals this expiration date, and allows the expiration date for such subsidies to revert to December 31, 2019.

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. 1819-01
Bill No. SB 371
Page 6 of 6
March 10, 2015

SOURCES OF INFORMATION

Department of Agriculture
Office of Administration - Division of Budget and Planning
Department of Revenue
Department of Transportation



Mickey Wilson, CPA
Director
March 10, 2015

Ross Strobe
Assistant Director
March 10, 2015