COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4848-02
Bill No.: Truly Agreed To and Finally Passed HCS for SB 665
Subject: Agriculture; Agriculture, Department of; Tax Credits; Boards, Commissions, Committees, and Councils; Business and Commerce; Fees; Motor Fuel.
Type: Original
Date: June 20, 2016

Bill Summary: Changes the laws regarding agriculture.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY2020)
General Revenue	($131,071)	$0 to ($8,000,000)	$0 to ($8,000,000)	$0 to ($8,000,000)
Total Estimated Net Effect on General Revenue	**($131,071)**	**$0 to ($8,000,000)**	**$0 to ($8,000,000)**	**$0 to ($8,000,000)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY2023)
Petroleum Inspection Fund	Up to $692,771	Up to $1,364,759	Up to $1,344,288	Up to $2,109,045
Total Estimated Net Effect on Other State Funds	**Up to $692,771**	**Up to $1,364,759**	**Up to $1,344,288**	**Up to $2,109,045**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 16 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY2023)
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY2023)
Total Estimated Net Effect on FTE	**0**	**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 2017	FY 2018	FY 2019	Fully Implemented (FY2023)
Local Government	**$0**	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning** (**BAP**) assume this proposal would have the following fiscal impact:

Sections 135.679 and 135.686

Under the current law, no more than $3,000,000 in Qualified Beef Tax Credits can be issued per fiscal year. These tax credits sunset under the current law on December 31, 2016. For the three most recent, complete fiscal years, the average amount of tax credits issued was $463,526 and the average amount redeemed was $331,262. The proposal postpones the 2016 sunset, substantially revises the terms of the Qualified Beef Tax Credit, and creates one new agricultural tax credit to be known as the Meat Processing Facility Investment Tax Credit Act. The legislation would limit the amount of tax credits authorized or issued under these acts to no more than $2,000,000 per calendar year. BAP assumes that this $2,000,000-per-calendar-year cap applies to the aggregate total of the two tax credits rather than as a separate limit for each. If this proposal causes redemptions to increase under the cap, it could lower general and total state revenues by roughly $1,668,738.

Some of these tax credits may offset Tax Year 2016 liabilities; therefore, general and total state revenues may be reduced as early as FY 2017.

Section 261.235

The proposal may affect both TSR and 18e tax and fee calculations by changing the current statutory authority of the AgriMissouri Advisory Commission for Marketing Missouri Agricultural Products to establish fees for the AgriMissouri Fund. BAP defers to the Department of Agriculture for an estimate of its potential fiscal impact.

Section 348.430, 348.432 and 348.436

This proposal postpones the current December 31, 2016, sunset of two existing, GR-funded tax credit programs. It also changes some of the provisions for both programs, but does not change the current aggregate annual cap of $6,000,000 set by current section 348.434, RSMo. Therefore, this will have no direct impact on Total State Revenues.

BAP notes that redemptions under the New Generation Cooperative Tax Credit have averaged $3.2 million over the last three years. Similarly, redemptions under the Agricultural Product

ASSUMPTION (continued)

Utilization Contributor Tax Credit have averaged $1.4 million. The two tax credits share an aggregate cap of $6 million per year.

Section 414.082
The proposal will affect both TSR and 18e tax and fee calculations by changing the current statutory limits on petroleum inspection fees. BAP defers to the Department of Agriculture for an estimate of its potential fiscal impact.

Officials at the **Department of Revenue (DOR)** assume this proposal would have a negative fiscal impact on their organization as follows:

Section 135.679 - The legislation modifies the Qualified Beef Tax Credit Act. Subsection 3 extends the tax credit until December 31, 2021. The provisions of Subsection 3 also split the tax credit amount between sales for qualifying weights under 600 pounds and qualifying weights 600 pounds or more. The legislation limits the tax credits to no more than $15,000 per year. The provisions of the bill prohibit carry back of the tax credit and reduce the carry forward provisions from five to four years. The legislation caps this section, and Section 135.686 at a combined amount of $4 million. The agricultural and small business development authority will submit a report to the General Assembly on an annual basis reviewing costs and benefits.

Section 135.686 - The legislation creates the Meat Processing Facility Investment Tax Credit Act. Beginning January 1, 2017, and ending December 31, 2021, the legislation allows a taxpayer a 25 percent tax credit for meat processing modernization or expansion related to the taxpayer's meat processing facility. The provisions of the bill prohibit carry back of the tax credit and reduce the carry forward provisions from five to four years.

Administrative Impact:
The Department requires form and programming changes.

Personal Tax:
Personal Tax requires two (2) Revenue Processing Technicians I (Range 10, Step L), one for each new tax credit.

Corporate Tax:
As this is an agricultural credit, it falls under the requirements of Senate Bill 1099. Corporate Tax requires three (3) Revenue Processing Technicians I (Range 10, Step L); one per 4,000 tax credits redeemed, one per 4,000 tax credits transferred, and one for every 520 Senate Bill 1099 compliance mailings and correspondence.

ASSUMPTION (continued)

Integrated Tax System:
To implement the provisions of this legislation, the integrated tax system requires additional programming costs of $131,071.

Sections 348.430 & 348.432 - These provisions modify the Agricultural Product Utilization Contributor Tax Credit and the New Generation Cooperative Incentive Tax Credit to remove the carry back provisions and reduce the carry forward provisions from five to four subsequent tax years. For each credit, the agricultural and small business development authority submits a report to the General Assembly on an annual basis reviewing costs and benefits.

Section 348.436 - This provision extends the expiration of Sections 348.430 to 348.436 to December 31, 2021.

Section 414.082 - The rate charged for inspections until December 31, 2016, is two and one-half cent ($0.025) per barrel. Between January 1, 2017, and December 31, 2021, the rate charged for the inspection of gasoline, blended fuels, kerosene, etc., cannot exceed four cents ($0.04) per barrel. After January 1, 2022, the legislation sets the maximum fee at five cents ($0.05) per barrel.

Administrative Impact:
Excise Tax:
The rate charged in this legislation will need to be adjusted annually, requiring updates to forms, rate notification to approximately 490 licensed suppliers and distributors, and minor programming changes to the motor fuel tax system. Additionally, regulation 12 CSR 10-7.190 requires revision.

Oversight notes the HCS caps the programs in sections 348.430 and 348.436 at $2,000,000 per year. Oversight also assumes DOR is provided with core funding to handle a certain amount of program change activity each year. Oversight assumes DOR could absorb the administrative costs relating to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Oversight assumes the duties outlined in this proposal can be handled by current staff. Should DOR see an increase in redemptions to justify additional FTE, they can seek those FTE through the appropriations process.

DOR also assumes the provisions of §348.430 to §348.436 are set to expire December 31, 2021.

ASSUMPTION (continued)

Officials at the **Department of Agriculture** (**MDA**) assume §135.679 is a revision and extension of the existing Qualified Beef tax credit. Without the extension, the program will end. The revisions are designed to make the program more effective and thereby increase participation.

§135.686 establishes the Meat Processing Facility Investment Tax Credit Act which will be administered by the Missouri Agricultural and Small Business Development Authority.

The Qualified Beef Tax Credit has had an average usage of only $463,525 over the past three fiscal years. If the pending statutory changes resulted in an increase in program participation, the Qualified Beef program could issue up to an additional $1,536,475 of tax credits. However, the effectiveness of these statutory changes in attracting additional program participation is unknown. Therefore, MDA estimates the total fiscal impact to be unknown; from $0 to $1,536,475 if the statutory cap is reached.

However, it should be noted that the total potential cost of the Qualified Beef Tax Credit in this bill is reduced from $3 million annually to only $2 million, so the total tax credit authorization actually declines under these provisions.

Oversight notes the cap for the Qualified Beef Tax Credits and the Meat Processing Facility Investment Tax Credit Act combined is now $2,000,000 annually.

§261.235 - AgriMissouri Trademark Fee, officials from the **Department of Agriculture (AGR)** assume the proposal would not fiscally impact their agency.

Oversight notes an AgriMissouri trademark fee is not currently assessed by the AgriMissouri Advisory Commission. The AgriMissouri program currently receives fund appropriations from the Agriculture Protection Fund.

Oversight assumes should a fee be established by the AgriMissouri Advisory Commission that does not yield revenues greater than the administration of the program, funds collected or appropriated for AgriMissouri, would be paid from the AgriMissouri Fund.

Oversight assumes this proposal will have no direct fiscal impact on the Agriculture Protection Fund and the AgriMissouri Fund since no AgriMissouri trademark fee has been established.

Oversight notes that the AgriMissouri Fund (0897) did not have a balance at June 30, 2015, or December 31, 2015.

ASSUMPTION (continued)

§414.082 - Officials at the **Department of Agriculture (AGR)** assume this section would have a positive fiscal impact on their organization by increasing the inspection fee of specific motor fuels allowing the current level of service by this program to be maintained.

AGR noted the revenue estimates assume that, without the inspection fee adjustments, current revenues would continue their 1.5 percent average annual decline. The revenue estimates also assume that there will continue to be a one month lag between the fees assessed and the Department of Revenue's actual collection and deposit of revenues into the petroleum inspection fund (e.g. fees assessed in January 2017 are not deposited into the inspection fee fund until February 2017). Note that with the reduction in gasoline and diesel fuel prices, consumption has increased 1.5% for the first 5 months of the fiscal year but over the long term, as more newer, better mileage vehicles enter the market, a 1.5% annual reduction in fuel consumption is anticipated.

AGR estimates a 3.5 cent per 50-gallon barrel inspection fee may be necessary effective 1-1-17 in order to maintain the current level of services provided by the program.

If the adjustment allowed by this bill is needed, the revenue estimates would be as follows:

Current Per Barrel Fees for Inspection of Motor Fuels				
Revenue	Projected FY16	Projected FY17	Projected FY18	Projected FY19
Annual	$2,344,403.40	$2,309,237.35	$2,274,598.79	$2,240,479.81
Per Month Revenue	$195,366.95	$192,436.45	$189,549.90	$186,706.65

Per Barrel Fees for Inspection of Motor Fuels from SB 884 - Effective 1/1/17				
Under SB 884	Projected FY16	Projected FY17	Projected FY18	Projected FY19
Annual	Not applicable	$2,694,110.24	$3,184,438.30	$3,136,671.73
Difference	Not applicable	$384,872.89	$909,839.52	$896,191.92

Oversight assumes currently, the fee for the inspection of certain motor fuels for the Department of Agriculture is used for expenses to administer the program. The fee cannot be less than 1.5 cents per barrel and cannot exceed 2.5 cents per barrel. The Department of Revenue (DOR) sets the per barrel fee, after receiving an expense report from AGR, for the ensuing calendar year. **DOR** sets the fee to not yield revenue greater than costs of administering the program.

ASSUMPTION (continued)

Oversight notes, according to the State Treasurer's Office, the balance of the Petroleum Inspection Fund (0662) as of June 30, 2015 was $1,396,025.53. Total receipts for FY15 were $2,353,862.98 and total disbursements were $1,650,946.16.

Utilizing AGR's estimate of 1.5% reduction in utilization, **Oversight** assumes the following potential impact of the proposal:

Year	Projected Revenue (current 3.5 cents rate)	Projected Barrels (assuming 1.5% decline)	Maximum Charge per Barrel Allowed in the Proposal	Potential New Revenue Estimates	Projected Possible Additional Revenue
FY 2016	$2,344,403	93,766,120	.025		
FY 2017	$2,309,237	92,369,478	.04 (at 1/1/17)	$3,002,008	$692,771
FY 2018	$2,274,599	90,983,936	.04	$3,639,357	$1,364,759
FY 2019	$2,240,480	89,619,177	.04	$3,584,767	$1,344,288
FY 2020	$2,206,872	88,274,889	.04	$3,530,996	$1,324,123
FY 2021	$2,173,769	86,950,766	.04	$3,478,031	$1,304,261
FY 2022	$2,141,163	85,646,505	.05 (at 1/1/2022)	$3,854,093	$1,712,930
FY 2023	$2,109,045	84,361,807	.05	$4,218,090	$2,109,045

Oversight will range the fiscal impact of this proposal as "Up To" the amounts reflected above. The Department of Revenue has the ability charge a fee up to the new maximums.

Officials at the **Department of Revenue (DOR)** assume this proposal allows the rate charged to be adjusted annually, requiring updates to forms, rate notification to approximately 490 licensed suppliers and distributors, and minor programming changes to the motor fuel system.

In FY17, DOR would need to incur a one-time fiscal impact of $5,994 for 80 hours of consultant contract costs. In addition, an increase of $272 for mailing costs to send out rate change notifications in FY17. DOR shows a fiscal impact for FY18 and FY19, an increase of $272 for mailing costs in each fiscal year.

Oversight assumes DOR could absorbs theses cost and will not show an impact from these costs in the fiscal note.

ASSUMPTION (continued)

DOR assumes this proposal allows the rate charged for inspections until December 31, 2016, is two and one-half cent ($0.025) per barrel. Between January 1, 2017, and December 31, 2021, the rate charged for the inspection of gasoline, blended fuels, kerosene, etc., cannot exceed four cents ($0.04) per barrel. After January 1, 2022, the legislation sets the maximum fee at five cents ($0.05) per barrel.

DOR assumes the rate charged in this legislation can be adjusted annually, requiring updates to forms, rate notification to approximately 490 licensed suppliers and distributors, and minor programming changes to the motor fuel tax.

Officials at the **Department of Economic Development** assume this proposal will not have a fiscal impact on their organization, and defers to Department of Agriculture and Department of Revenue.

Officials at the **Department of Corrections**, the **Department of Elementary and Secondary Education**, the **Joint Committee on Administrative Rules,** the **Department of Health and Senior Services,** the **Department of Higher Education,** the **Department of Natural Resources**, and the **State Tax Commission each** assume this proposal would not have a fiscal impact on their respective organizations.

Officials from the **Office of the Secretary of State (SOS)** stated 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.

Oversight notes the Qualified Beef Tax Credit has a sunset date of December 31, 2016. In 2015 the amount of credits issued was $388,080, in 2014 the amount of credits issued was $188,955 and in 2013 the amount of credits issued was $813,542. This proposal also changes the qualifying sale rate from ten cents per pound for all sale weights to ten cents per pound for sale weights under six hundred pounds and twenty-five cents per pound for qualifying sale weights of six hundred pounds or greater. These changes will increase credit issuance.

ASSUMPTION (continued)

Oversight notes this proposal creates an additional tax credit; the Meat Processing Facility Investment Tax Credit Act (§135.686). The credit is effective January 1, 2017 and, with §135.679 (Qualified Beef Tax Credit Act), have an aggregate cap of $2 million. The first time these credits can be claimed on a taxpayer's tax return would be FY 2018. Therefore, Oversight will reflect the impact as $0 (no credits claimed) to the $2 million annual cap starting in FY'18.

Oversight notes §348.436 of this proposal extends the expiration date for the Agricultural Product Utilization Contributor Tax Credit (§348.430) and the New Generation Cooperative Incentive Tax Credit (§348.432) from December 31, 2016 to December 31, 2021. §348.434 states the aggregate amount of tax credits issued for §348.430 and §348.432 shall not exceed $6 million. The first time these credits can be claimed on a taxpayer's tax return would be FY 2018. Therefore, Oversight will show the impact as $0 (no credits claimed) to the maximum cap of $6 million starting in FY 2018.

Oversight notes historically the utilization of the Agricultural Product Utilization Contributor Tax Credit and the New Generation Cooperative Incentive Tax Credit is as follows:

	FY 2013	FY 2014	FY 2015
Ag. Product	$1,062,510	$1,573,720	$2,376,168
New Gen.	$4,937,490	$4,426,280	$2,112,545
TOTAL	**$6,000,000**	**$6,000,000**	**$4,488,713**

Changes to Section 414.082, RSMo could increase Total State Revenues.

Officials at the **Northwest Missouri State University**, the **State Technical College of Missouri**, and the **University of Central Missouri** each assume this proposal would not have a fiscal impact on their respective organizations.

Officials at the school districts of **Kansas City** and **Malta Bend** each assume this proposal would not have a fiscal impact on their respective organizations.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Metropolitan Community College, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University, and the University of Missouri did not respond to **Oversight's** request for fiscal impact.

ASSUMPTION (continued)

Officials at the following school districts: Arcadia Valley R-2, Aurora R-8, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Cassville R-4, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, East Newton R-6, Eldon R-I, Everton R-lll, Fair Grove, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Macon County R-4, Mehlville, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Richland R-1, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Seymour R-2, Shelby County R-4, Shell Knob #78, Sikeston, Silex, Slater, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Tipton R-6, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Webster Groves, West Plains R-VII, Westview C-6 and the Wright City R-2 School District did not respond to **Oversight's** request for fiscal impact.

FISCAL IMPACT - State Government	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY2020)
GENERAL REVENUE				
Cost - DOR - integrated tax system changes	($131,071)	$0	$0	$0
Revenue Reduction - extends expiration date for §348.430 to §348.436 (Ag. Product Utilization and New Generation Cooperative)	$0	$0 to ($6,000,000)	$0 to ($6,000,000)	$0 to ($6,000,000)
Revenue Reduction - tax credits under §135.679 & §135.686 (Qualified Beef, and Meat Processing Facility)	$0	$0 to ($2,000,000)	$0 to ($2,000,000)	$0 to ($2,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**($131,071)**	**$0 to ($8,000,000)**	**$0 to ($8,000,000)**	**$0 to ($8,000,000)**

FISCAL IMPACT - State Government	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY2023)
PETROLEUM INSPECTION FUND				
Revenue - §414.082 - Inspection Fees	Up to $692,771	Up to $1,364,759	Up to $1,344,288	Up to $2,109,045
ESTIMATED NET EFFECT ON THE PETROLEUM INSPECTION FUND	**Up to $692,771**	**Up to $1,364,759**	**Up to $1,344,288**	**Up to $2,109,045**

FISCAL IMPACT - Local Government	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY2023)
	$0	**$0**	**$0**	**$0**

FISCAL IMPACT - Small Business

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

§414.082 - Small business suppliers and distributors engaged in the sale of certain motor fuels could be impacted annually by an update of the per barrel fee for the inspection of certain motor fuels from this proposal.

Small agricultural businesses that qualify for the tax credits could be impacted by this proposal.

FISCAL DESCRIPTION

§135.679 - QUALIFIED BEEF TAX CREDIT - This act re-authorizes the existing Qualified Beef Tax Credit until 2021. This act modifies the definition of "baseline weight" to be based on the average weight of all beef animals sold that are 30 months or younger in the previous 2 years instead of the previous 3 years. This act changes the credit from 10 cents per pound to 10 cents per pound for sale weights under 600 pounds and 25 cents per pound for sale weights over 600 pounds. Under this act, the Agricultural and Small Business Development Authority may waive no more than 25% of the 100 pound weight gain requirement, rather than 25% of the 200 pound weight gain requirement.

This act only allows tax credits under this section up to $15,000 per year per taxpayer and for no more than 3 years. This act also limits the amount of tax credits that may be issued under the Qualified Beef Tax Credit and the Meat Processing Facility Investment Tax Credit to $2 million per calendar year. This act requires the Agricultural and Small Business Development Authority to submit an annual report to the General Assembly on the costs and benefits of the Qualified Beef Tax Credit.

§135.686 - MEAT PROCESSING FACILITY INVESTMENT TAX CREDIT - This act creates the Meat Processing Facility Investment Tax Credit Act. For all tax years between 2017 and 2021, a taxpayer may claim this tax credit for meat processing modernization or expansion at their processing facility. The tax credit shall be equal to 25% of the amount the taxpayer paid in the tax year for modernization and expansion.

This tax credit is non-refundable but may be carried forward 4 years, and a taxpayer may not claim more than $75,000 per year. If two or more taxpayers own the facility, each may claim a credit in proportion to their ownership interest in the facility, but taken together all tax credits for one facility cannot exceed the $75,000 cap. All tax credits issued under the Qualified Beef Tax Credit and the Meat Processing Facility Investment Tax Credit to $2 million per calendar year.

FISCAL DESCRIPTION (continued)

§261.235 - AGRIMISSOURI TRADEMARK - Currently, the AgriMissouri Advisory Commission for Marketing Missouri Agricultural Products may establish a fee structure for sellers electing to use the AgriMissouri trademark associated with Missouri agricultural products with the fee varying depending upon the amount of the seller's gross annual sales. Under this act, the provisions regarding the fee structure varying depending upon the amount of the seller's gross annual sales are repealed, and instead this act allows the AgriMissouri Advisory Commission to adopt a fee structure so long as the fees established and collected do not yield revenue greater than the costs of administering the objectives of the AgriMissouri Advisory Commission and the AgriMissouri trademark to sellers using the trademark in the ensuing year.

§§292.960, 262.962, & 348.407 - FARM-TO-TABLE PROGRAM - This act changes the "Farm-to-School Act" and program to the "Farm-to-Table Act" and program. Under this act, the program will connect Missouri farmers to institutions in order to provide such institutions with locally grown agricultural products. This act defines "institutions" as facilities including schools, correctional facilities, hospitals, nursing homes, long-term care facilities, and military bases. This act also requires the Department of Agriculture to establish guidelines for voluntary participation and parameters for program goals, which shall include the requirement that participating institutions purchase at least 10% of their food products locally by December 31, 2019. Nothing in this act shall require an institution to participate in the Farm-to-Table Program.

Currently, certain state departments are required to make staff available to the program, including the Department of Health and Senior Services, the Department of Elementary and Secondary Education, and the Office of Administration. This act adds the Department of Corrections to this staff requirement.

Currently, the Farm-to-Table Task Force is composed of certain members. Under this act, one representative will also be added to the Task Force from the Department of Corrections, the Department of Health and Senior Services, and from a military base in this state. Currently, the Director of the Department of Agriculture and the Director of the Department of Elementary and Secondary Education may each appoint 2 members to the Task Force. Under this act, each may only appoint 1 member. Further, the Director of the Department of Corrections and the Director of the Department of Health and Senior Services shall each appoint 1 member. The Director of the Department of Agriculture shall also appoint 1 member who is a registered dietician. Under this act, the Task Force is required to prepare a report for the Governor, General Assembly, and the Director of each entity represented on the Task Force by December 31 of each year.

Currently, the Farm-to-School Act and Program expired on December 31, 2015. This act repeals this expiration date.

FISCAL DESCRIPTION (continued)

§§348.430, 348.432, and 348.436 - AGRICULTURAL PRODUCT UTILIZATION CONTRIBUTOR TAX CREDIT & NEW GENERATION COOPERATIVE INCENTIVE TAX CREDIT - Currently, the Agricultural Product Utilization Contributor Tax Credit and the New Generation Cooperative Incentive Tax Credit may be carried back to any of the contributor's 3 prior tax years, and may be carried forward up to 5 years. This act only allows the credits to be carried forward up to 4 years, and removes the carry back provision. This act requires the Agricultural and Small Business Development Authority to submit an annual report to the General Assembly on the costs and benefits of the Agricultural Product Utilization Contributor Tax Credit and the New Generation Cooperative Incentive Tax Credit.

Currently, the Agricultural Product Utilization Contributor Tax Credit and the New Generation Cooperative Incentive Tax Credit shall expire on December 31, 2016. This act extends this expiration date to December 31, 2021.

§414.082 - PER BARREL MOTOR FUEL INSPECTION FEE - Currently, the fee for the inspection of certain motor fuels shall not be less than 1.5 cents per barrel and shall not exceed 2.5 cents per barrel. Under this act, the per barrel fee shall not exceed 4 cents per barrel from 2017 to 2021, and shall not exceed 5 cents per barrel from 2022 and thereafter.

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

Office of Administration - Budget and Planning
Department of Agriculture
Department of Economic Development
Office of Secretary of State
Joint Committee on Administrative Rules
State Tax Commission
Department of Natural Resources
Department of Revenue
Department of Corrections
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Higher Education
Northwest Missouri State University

SOURCES OF INFORMATION (continued)

State Technical College of Missouri
University of Central Missouri
Kansas City School District
Malta Bend School District

Mickey Wilson

Mickey Wilson, CPA	Ross Strope
Director	Assistant Director
June 20, 2016	June 20, 2016