

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1999-01  
Bill No.: SB 472  
Subject: Taxation and Revenue - Sales and Use; Agriculture  
Type: Original  
Date: March 13, 2017

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Bill Summary: This proposal would modify the definition of “livestock” to include honey bees for the purposes of the state sales tax law.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Parks, and Soil and Water	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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 2018	FY 2019	FY 2020
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assume the bill would redefine certain tax-related definitions of the term "livestock" to include "honey bees." Based on estimated honey bee production costs and sales in Missouri, B&P officials estimated this could reduce Total State Revenues and General Revenue collections by less than \$100,000 and negatively impact the constitutional revenue limit calculation.

Officials from the **University of Missouri - Economic and Policy Analysis Research Center (EPARC)** assume this proposal would include honey bees in the definition of "livestock" for sales tax purposes, allowing beekeepers to utilize sales tax exemptions on goods associated with the cost of business.

EPARC officials cited information from the United States Department of Agriculture's National Agricultural Statistics Service Survey indicating that Missouri has 10,000 domestic colonies that produced 520,000 pounds of honey in 2015. The average price received for this honey amounted to \$3.50 per pound, giving Missouri honey producers a revenue of \$1,820,000.

Further research may yield the best estimate of average cost per hive, but if we assume that the revenue figure of \$1,820,000 must be above the total annual cost of the industry, we can use this total revenue figure as our maximum cost, yielding a maximum impact estimate.

If Missouri honey producers incur \$1,820,000 in costs annually, we can estimate the maximum amount of sales taxes that may be exempted at \$76,895. The following table shows this calculation:

Fund	Sales Tax Rate	Maximum Honey Producers' Cost= \$1,820,000 x Respective Tax Rate
General Revenue	3.000%	\$54,600
School District Trust Fund	1.000%	\$18,200
Conservation Commission	0.125%	\$2,275
Parks, Soil & Water	0.100%	\$1,820
Total	4.225%	\$76,895

ASSUMPTION (continued)

**EPARC** officials estimate the inclusion of honey bees as livestock for sales tax purposes would, at maximum, yield an additional \$76,895 in exemptions. This bill could reduce Net General Revenue by \$54,600 annually, reduce the School District Trust Fund by \$18,200 annually, reduce Conservation collections by \$2,275 annually, and reduce Parks, Soil and Water fund by \$1,082 annually.

**Oversight** notes this proposal would provide a sales tax exemption for bees similar to the sales tax exemptions for other forms of livestock, whether those bees are in commercial honey production or agricultural or hobby uses, but we have not been able to locate reliable statistical information regarding bees for Missouri. For fiscal note purposes, Oversight will indicate an unknown revenue reduction for state funds which receive sales tax revenues and for local governments.

**Oversight** notes that revenues in the School District Trust Fund are ultimately distributed to school districts but will not include those transfers in this fiscal note.

Officials from the **Department of Conservation (MDC)** assume this proposal would have an unknown negative fiscal impact on their organization. MDC officials noted the Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to the Missouri Constitution. The Department assumes the Department of Revenue would be better able to estimate the anticipated fiscal impact that would result from this proposal.

Officials from the **Department of Revenue (DOR)** assume there would be no fiscal impact to their organization from this proposal. However, due to the number of exemptions that exist for livestock, DOR officials assume this legislation would likely create a negative impact on Total State Revenue.

Officials from the **Department of Agriculture**, the **Department of Natural Resources**, the **Joint Committee on Administrative Rules**, the **Office of the Secretary of State**, and **St. Louis County** assume this proposal would have no fiscal impact on their organizations.

Officials from **Callaway County** assume this proposal would have a negative impact of \$100,000 on their organization.

Officials from the **Kirksville R-III School District** assume anytime there is a reduction in sales tax there would be a negative impact to the district.

ASSUMPTION (continued)

Officials from the **West Plains School District** stated they are unsure how this proposal may impact the district.

Officials from the **Everton School District** assume there would be no fiscal impact to their organization from this proposal.

Officials from the following counties: Andrew, Atchison, Audrain, Barry, Benton, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, Cooper, Daviess, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne, Webster and Worth did not respond to our request for information.

Officials the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to our request for information.

ASSUMPTION (continued)

Officials from the following school districts: Arcadia Valley R-2, 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, 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, Kansas City, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Macon County R-4, Malta Bend, Mehville, Meramec Valley R-3, 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, Richmond R-XVI, 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, 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, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Webster Groves, Westview C-6 and the Wright City R-2 School District did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction</u> - Sales tax exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Revenue reduction</u> - Sales tax exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Revenue reduction</u> - sales tax exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2018 (10 Mo.)	FY 2019	FY 2020
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**PARKS, AND SOIL AND WATER  
FUND**

<u>Revenue reduction - Sales tax exemption</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON  
PARKS, AND SOIL AND WATER  
FUND**

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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**LOCAL GOVERNMENTS**

<u>Revenue reduction - Sales tax Exemption</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON  
LOCAL GOVERNMENTS**

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses involved in beekeeping.



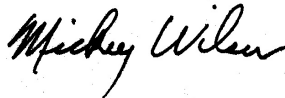
### FISCAL DESCRIPTION

This act modifies the definition of "livestock" to include honey bees for the purposes of the state sales tax law.

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 the Secretary of State  
Joint Committee on Administrative Rules  
Office of Administration  
    Division of Budget and Planning  
Department of Agriculture  
Department of Conservation  
Department of Natural Resources  
Department of Revenue  
University of Missouri  
    Economic & Policy Analysis Research Center  
Callaway County  
St. Louis County  
Everton School District  
Kirksville R-III School District  
West Plains School District



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March 13, 2017

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