

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0556H.04F  
 Bill No.: HS for HCS for SS for SB 138  
 Subject: Agriculture; Appropriations; Department of Economic Development; State  
 Treasurer; Trees and Other Plants  
 Type: Original  
 Date: May 8, 2023

Bill Summary: The proposal modifies provisions related to agriculture.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund	(\$2,858,203) Up to (\$13,426,565)	(\$2,310,755) Up to (\$13,159,955)	(\$2,298,843) Up to (\$12,953,268)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$2,858,203) Up to (\$13,426,565)</b>	<b>(\$2,310,755) Up to (\$13,159,955)</b>	<b>(\$2,298,843) Up to (\$12,953,268)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Lottery Proceeds	Up to (\$240,000)	Up to (\$240,000)	Up to (\$240,000)
Agriculture Protection Fund (0970)	(\$57,850)	(\$57,850)	\$0
Missouri Hardwood Product Promotion Fund*	\$0	\$0	\$0
Flood Resiliency Protection Fund**	\$0	\$0	\$0
Lottery Proceeds Fund (0291)***	\$0	\$0	\$0
Veterinary Student Loan Payment Fund (0803)****	\$0	\$0	\$0

<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Up to (\$297,850)</b>	<b>Up to (\$297,850)</b>	<b>Up to (\$240,000)</b>
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Numbers within parentheses: () indicate costs or losses.

\*Transfer In (from Lottery Proceeds Fund) and additional expenditures net to zero.

\*\* The Flood Resiliency Improvement Fund will net to zero.

\*\*\*Veterinary Student Loan Payment Fund will net to zero.

\*\*\*\*Missouri Hardwood Product Promotion Fund will net to zero.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<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 \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Local Government</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section(s) 60.401, 60.411, 60.431, 60.441, 60.471, 60.480, 60.496, 60.510 The Missouri State Plane Coordinate System**

In response to the similar proposal, SB 403 – 2023, officials from the **Department of Natural Resources, Missouri Department of Conservation, Missouri Department of Agriculture, Missouri Department of Transportation and Office of Administration** each assumed the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact on the fiscal note for these sections.

#### **Section(s) 68.080 Waterways and Ports Trust Fund**

In response to the similar proposal, SB 265 -2023, officials from the **Office of Administration - Budget and Planning (B&P)** assume subsection 1 of the legislation establishes in the State Treasury the "Waterways and Ports Trust Fund", and provides that the fund shall consist of revenues appropriated to it by the General Assembly. This provision will presumably authorize the General Assembly to appropriate from the General Revenue Fund for transfer into the new fund, resulting in an unknown additional cost to the General Revenue Fund as early as Fiscal Year 2024. Subsection 3 of the legislation provides that the fund shall be a revolving trust fund exempt from the provisions of Section 33.080 relating to the transfer of unexpended balances by the State Treasurer to the General Revenue Fund of the state and that all interest earned upon the balance in the fund shall be deposited to the credit of the fund, resulting in an unknown loss of revenues to the General Revenue Fund as early as Fiscal Year 2024.

In addition, B&P notes this proposal duplicates the following:

The Missouri Department of Transportation (MoDOT) currently administers Fiscal Year 2023 appropriations that subsidize operations and capital improvements for the state's port authorities, pursuant to Section 4.555 of House Bill 3004 (2022), Sections 20.013 and 20.014 of House Bill 3020 (2022), and Section 68.035, RSMo.

Fiscal Year 2023 House Bill 3004 (2022) Section 4.555 appropriations include:

- \$11,620,577 General Revenue Fund and \$800,000 State Transportation Fund for grants to port authorities statewide for assistance in port planning, acquisition, or construction within the port districts; and

- \$25,000,000 Budget Stabilization Fund earmarked for the Jefferson County port authority for the same purposes.

Fiscal Year 2023 House Bill 3020 (2023) Section 20.013 and Section 20.014 appropriations include:

- \$25,000,000 Coronavirus State Fiscal Recovery Fund for grants to port authorities statewide; and

- \$5,000,000 Coronavirus State Fiscal Recovery Fund for grants to the New Madrid County port authority.

The Governor's recommendations for Fiscal Year 2024 House Bill 4 (2023) Section 4.555 appropriations include:

- \$12,270,577 General Revenue Fund and \$800,000 State Transportation Fund for grants to port authorities statewide for assistance in port planning, acquisition, or construction within the port districts; and

- \$25,000,000 Budget Stabilization Fund earmarked for the Jefferson County Port Authority for the same purposes.

The Governor's recommendations for Fiscal Year 2024 House Bill 20 (2023) Section 20.013 and Section 20.014 appropriations include:

- \$25,000,000 Coronavirus State Fiscal Recovery Fund for grants to port authorities statewide; and

- \$5,000,000 Coronavirus State Fiscal Recovery Fund for grants earmarked for the New Madrid County port authority.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect a \$0 (the General Assembly does not appropriate funds to the new Waterways and Ports Trust Fund) to an "Unknown" cost to General Revenue (the General Assembly appropriates funds to the new fund). Oversight assumes the unknown fiscal impact could be greater than \$250,000. Oversight notes the proposed new fund will be dissolved on December 31, 2033 and any balance remaining will be transferred to the General Revenue Fund.

In response to the similar proposal, SB 265 -20223, officials from the **Missouri Department of Transportation, Department of Revenue** and **Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Section(s) 135.772, 135.775 & 135.778 Biodiesel Tax Credits**

**Section 135.772 Ethanol Tax Credit**

In response to the similar proposal, SCS for SB 519 -2023, officials from the **Office of Administration (B&P)** assumed this proposal would allow taxpayers with a non-calendar year filing timeline to claim the tax credit for their tax year that starts in 2022, but ends in 2023. This provision does not change the amount of tax credits that can be authorized. Therefore, B&P estimates that this provision will not impact TSR.

In response to the similar proposal, SCS for SB 519 -2023, officials from the **Department of Revenue (DOR)** note HB 3 adopted in the special session of 2022, created this new tax credit for a retail dealer that sells ethanol fuel starting with tax year 2023. The tax credit was to be equal to five cents (\$0.05) per gallon.

This tax credit was to begin on January 1, 2023, with the first tax returns claiming the credit being filed starting January 2024 (FY 2024). The tax credit was established with a \$5 million cap annually.

This proposal adds language clarifying which taxpayers in calendar year 2023 would qualify for the credit. DOR does not estimate this will have any additional impact that was not already accounted for in HB 3's fiscal note.

At this time, the Department doesn't have any information on the number of retailers that may apply for this credit as the filing period has just opened.

**Oversight** notes DOR and B&P both assume this part of the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact, for this specific section, in the fiscal note.

#### *Section 135.775 Biodiesel Retailers Tax Credit*

In response to the similar proposal, SCS for SB 519 -2023, officials from the **Office of Administration – Budget & Planning (B&P)** assume HB 3 adopted in the special session of 2022, created this new tax credit for a retail dealer that sells biodiesel fuel starting with tax year 2023. To qualify as biodiesel fuel it must be a blend of diesel and biodiesel between 5% and 20% for on-road and off-road diesel-fuel vehicle use. Proof that that biodiesel meets ASTM International specifications will need to be provided to the Department. The tax credit was to be equal to two cents (\$0.02) per gallon on biodiesel blend of 5% but no more than 10% mix or five cents (\$0.05) per gallon sold on a biodiesel blend in excess of 10%.

This tax credit was to begin on January 1, 2023, with the first tax returns claiming the credit being filed starting January 2024 (FY 2024). The tax credit was established with a \$16 million cap annually. This credit was established that allowed the cap if reached the credit would be apportioned among all applicants. Additionally, there was a provision that allowed credits not distributed in a year to be rolled over to the biodiesel producers credit for use.

This proposal adds language clarifying which taxpayers in calendar year 2023 would qualify for the credit and removed the language sharing the credits with the Biodiesel Producers. It is

estimated this will not have any additional impact that was not already accounted for in HB 3's fiscal note. At this time, the Department doesn't have any information on the number of retailers that may apply for this credit as the filing period has just opened.

**Oversight** notes DOR and B&P both assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact, for this specific section, in the fiscal note.

Section 135.778. Biodiesel Producers Tax Credit

In response to the similar proposal, Officials from **Office of Administration – Budget & Planning (B&P)** stated this proposal would increase the authorization limit from \$4 million annually to \$5.5 million annually. This proposal would also allow taxpayers with a non-calendar year filing timeline to claim the tax credit for their tax year that start in 2022, but ends in 2023. This provision does not change the amount of tax credits that can be authorized.

B&P notes that this credit started for tax year 2023, and annual returns have not yet been filed. Therefore, B&P estimates that this provision may decrease TSR and GR by \$1.5 million annually starting in FY24.

Officials from the **Department of Revenue (DOR)** note:

HB 3 adopted in the special session of 2022, created this new tax credit for a producer of biodiesel fuel. Starting January 1, 2023 it would allow a credit against their state income tax liability in an amount of \$0.02 per gallon of biodiesel fuel produced by a Missouri biodiesel producer. The Department noted when the bill was being discussed there were currently 6 producers in the state.

When established the credit had a \$4 million annual cap. Additionally, the bill allowed that if the credit cap was reached then the credit would be apportioned among all applicants. It also contained a provision that if the \$4 million cap on this credit was not fully used, then the remaining portion of the cap could be distributed to the retailers on their credit.

This proposal adds language clarifying which taxpayers in calendar year 2023 would qualify for the credit. This change will not have any additional fiscal impact.

This proposal removes the \$4 million annual cap, the apportionment language in the credit and the provision that allows the credit to be shared with the retailer's credit. This proposal then increases the cap to \$5.5 million. This proposal could potentially expand the number of credits that can be issued annually by \$1.5 million. At this time, the Department doesn't have any information on the number of producers that may apply for this credit as the filing period has just opened. They assume this could result in an increase in the number of credits which would result in an additional \$1.5 million loss to general revenue.

These changes will require updates of the website and forms, and computer programming at a cost of \$7,193.

**Oversight** notes that this proposal, Section 135.778 3 removes the \$4 million maximum cap allowing for all applicants who are able to claim the credit and allows for up to \$5.5 million cap.

**Oversight** notes the officials from the DOR & B&P do not have any current information regarding the tax credit claimed under the HB 3 – 2022, which was passed by the general assembly, and signed by the Governor. Therefore, **Oversight** will reflect a range (reflecting the original \$4 million cap was not surpassed by the change in this proposal) up to negative \$1.5 million (\$5.5 million – \$4 million) in a possible additional credits claimed in the fiscal note.

Additionally, Oversight will assume DOR’s anticipated cost associated with the website updates, forms and computer programming as one time cost \$7,193 in FY 2024 could be absorbed within their current appropriations.

In response to the similar proposal, SCS for SB 519 -2023, officials from the **Department of Commerce and Insurance**, the **Department of Natural Resources**, and the **Missouri Department of Agriculture** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Section 143.022 Business Exemption**

Officials from the **Department of Revenue (DOR) & Office of Administration (OA)** both assume this proposal attempts to add the income of farmers as reported on two specific IRS forms to the business exemption. Those forms are the Schedule F and Form 4835. It should be noted the income reported on Form 4835 is reported onto the Schedule E which is already exempt per statutes.

The Department used its internal Income Tax Model that contains confidential taxpayer data to calculate the fiscal impact. SB 3 adopted in 2022, lowered the individual income tax rate to 4.95% starting January 1, 2023 and additionally is projected to lower the current tax rate down to 4.5% over a period of years based on revenue growth. DOR will show the impact through the implementation period.

The Department notes that this income is reported at the time of filing of the return and is will result in a loss to general revenue:

Tax Year (Fiscal Year)	Amount
2023 (FY 2024)	(\$2,160,600)
2024 (FY 2025)	(\$2,155,065)
2025 (FY 2026)	(\$2,102,909)
2026 (FY 2027)	(\$2,055,404)
2027 (FY 2028)	(\$2,014,848)

This proposal will require modification to the MO-A form and to the MO-1040 form. Additionally they will need to modify their website and the individual income tax computer system. These changes are estimated to cost \$7,193.

**Section 143.121 MAGI Subtractions**

Officials from the **Department of Revenue (DOR) and Office of Administration (B&P)** both assume this proposal in Section 143.121.10 creates new subtractions from MAGI of the capital gains, rental income and crop-share agreements income reported in a qualified taxpayer's federal adjusted gross income. These subtractions would be available to a farm owner who sells their whole/part of their property to a beginning farmer, rents to a beginning farmer or enters into a crop-share agreement with a beginning farmer. A qualified taxpayer may claim a percentage based on the amount of the first capital gains received:

For the first \$2 million – 100%	(\$2,000,000)
For the next \$1 million – 80%	(\$800,000)
For the next \$1 million - 60%	(\$600,000)
For the next \$1 million - 40%	(\$400,000)
For the next \$1 million – 20%	<u>(\$200,000)</u>
	(\$4,000,000)

The maximum amount a taxpayer could receive in a subtraction is \$4 million. Farmers who enter into lease or crop-share agreements may subtract related income from their MAGI, up to \$25,000 per year.

To be consider a beginning farmer under this proposal, the farmer must be approved for a loan from the USDA Farm Service Agency and have filed at least one but less than 10 IRS Schedule F returns. The USDA Farm Service Agency reports there are 493 beginning farmers with a loan in MO. Since the farmer must have filed less than 10 IRS annual returns DOR will assume there are 49 new farmers annually.

The Department is unable to determine the amount of capital gains realized by taxpayers who sell their farmland or the amount of income received from lease/crop-share agreements. Therefore they will show the estimates based on the limits in the proposal. If all farmers entered into a leasing or crop-sharing agreement, this would exempt \$1,225,000 (49 beginning farmers \* \$25,000 limit) annually. If all those farmers decided to sell their property and reached the maximum subtraction it would exempt up to \$196,000,000 (49 beginning farmers \* \$4,000,000 capital gains limit).

Subtractions do not reduce revenue on a dollar for dollar basis but based on the top income rate applied. SB 3 (2022) has set the individual income tax rate at 4.95% for tax year 2023 and is expected to reduce the rate to 4.5% over a series of years based on certain revenue triggers. They show the loss to general revenue based on the variable future tax rates.



Revenue Loss by Year

Tax Rate	Tax Year (Fiscal Year)					
	2023 (FY24)		2024 (FY25)		2025 (FY26)	
	Low	High	Low	High	Low	High
4.95%	(\$60,638)	(\$9,702,000)	(\$60,638)	(\$9,702,000)	(\$60,638)	(\$9,702,000)
4.80%			(\$58,800)	(\$9,408,000)	(\$58,800)	(\$9,408,000)
4.70%					(\$57,575)	(\$9,212,000)
4.60%						
4.50%						

Revenue Loss by Year

Tax Rate	Tax Year (Fiscal Year)			
	2026 (FY27)		2027 (FY 28)	
	Low	High	Low	High
4.95%	(\$60,638)	(\$9,702,000)	(\$60,638)	(\$9,702,000)
4.80%	(\$58,800)	(\$9,408,000)	(\$58,800)	(\$9,408,000)
4.70%	(\$57,575)	(\$9,212,000)	(\$57,575)	(\$9,212,000)
4.60%	(\$56,350)	(\$9,016,000)	(\$56,350)	(\$9,016,000)
4.50%			(\$55,125)	(\$8,820,000)

This proposal will require DOR to add a new line on the MO-1040, the MO-1120 and the MO-PTE. DOR would also need to update their website and individual income tax computer systems. This would result in costs of \$7,193.

Additionally, while the Department of Agriculture is tasked with establishing a process to verify if the beginning farmer meets the qualification stated in this proposal, and providing that farmer with confirmation of that qualification, DOR assumes it will have to create the confirmation form. DOR's tax returns and all schedules and attachments are designed to go through the electronic tax computer system. Setting up this confirmation form will result in additional costs of \$10,000.

**Oversight** will show the cost of system, forms, and website modifications for all sections in this proposal estimated at \$17,193 by DOR as a one-time cost in FY 2024. **Oversight** notes officials from B&P and DOR both assume the proposal will have a negative fiscal impact on general revenue. Oversight will show B&P and DOR's projected fiscal estimated impacts of this proposal throughout the implementation of the tax rate reductions from SB 3 (2022) to show the maximum low and high impact of the proposal. The fiscal note reflects the assumptions that the SB 3 (2022) reductions are triggered consecutively.

**Section(s) 196.311, 196.316, 323.100, & 413.225 changes duties of the Division of Weights, Measures and Consumer Protection**

In response to the similar proposal, HCS for HB 467 – 2023, officials from the **Missouri Department of Agriculture (MDA)** assume the proposal will have no fiscal impact on their organization. MDA notes the provisions in this proposal will allow MDA to collect the same amount of revenue as it currently does.

**Oversight** notes that the above mentioned agency has stated the proposal would not have a direct fiscal impact on the organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these sections.

**Oversight** notes this proposal removes existing fee structures and gives MDA the authority to determine fees to offset program costs. Oversight notes the MDA assumed the changes in the proposal would allow the department to collect the same amount of revenue as they are currently. Therefore, Oversight will assume no fiscal impact from this bill.

**Oversight** notes the proposal sets the following annual fee limits:

Dealer’s licence for eggs	\$100
Retailer’s license for eggs	\$175
Processor’s license for eggs	\$250
Testing of meters for liquefied petroleum gas	\$400
Calibrations testing	\$500 per calibration

**Oversight** notes the new fee limits become effective January, 2025 and allow the MDA additional flexibility in setting the annual fees. Oversight assumes there will be no direct additional fiscal impact to the MDA as a result of the proposal.

**Section 256.800 – Flood Resiliency Act and Flood Resiliency Improvement Fund**

In response to the similar proposal, HB 1242 -2023, officials from the **Department of Natural Resources (DNR)** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DNR.

In response to the similar proposal, HB 1242 -2023, officials from the **City of Kansas City** and **City of Springfield** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other cities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the MOLIS database is available upon request.

**Oversight** notes a new fund has been established, the “Flood Resiliency Improvement Fund” as a result of this proposal. This fund could issue grants or offer financial assistance to entities for

the development, construction or renovation of a flood resiliency project. The DNR could also develop its own plans with the funds.

**Oversight** notes this fund is subject to appropriation by the General Assembly; therefore, Oversight will range the impact from “\$0” (the General Assembly does not appropriate funds to the new program) to an “Unknown” amount (the General Assembly appropriates funds to the new program). Oversight will also reflect an “Unknown” amount of costs in the form of grants/financial assistance. Oversight will assume the appropriation could be from the General Revenue Fund.

**Section 262.911 – Department of Economic Development to promote Missouri hardwood forest products**

In response to the similar proposal, SB 138 – 2023, officials from the **Department of Economic Development**, the **Missouri Department of Agriculture**, the **Department of Natural Resources**, and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this section.

**Oversight** notes the Section 262.911 2 creates "Missouri Hardwood Forest Product Promotion Fund" which shall consist of any grants, gifts, devises, bequests, and moneys appropriated by the general assembly to the fund. Oversight notes the moneys in this fund shall be used solely to promote and educate about Missouri hardwood forest products. Therefore, **Oversight** will note range of zero (General Assembly does not appropriate a transfer of funds) to unknown negative amount (General Assembly appropriates money for the program) from general revenue into the Missouri Hardwood Forest Product Promotion Fund in the fiscal note.

**Oversight** notes the proposal allows the State Treasurer invest, disburse, and credit the fund with the interest on money made on the investments in the fund.

In response to the similar proposal, SB 1159 – 2022, officials from the **Office of the State Treasurer** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this office.

**Section 281.102 - The proposal changes the effective date of new provisions regulating pesticide certification and training to January 1, 2025**

In response to the similar proposal, HB 1022 – 2023, officials from the **Missouri Department of Agriculture (MDA)** assume there could be increased costs since the original program was enacted in SB 26 (2021) due to economic conditions; however, MDA assumes the same fiscal impact from SB 26 (2021).

**Oversight** notes this proposal changes the effective date of the pesticide certification program from January 1, 2024 to January 1, 2025; therefore, Oversight will shift the costs and revenue that were reflected on the fiscal note for SB 26 (2021) from FY 2024 (six months) to FY 2025. Oversight notes the fiscal impact after January 1, 2025 will assumed to be the same as was reflected on the fiscal note for SB 26.

**Section 304.180 Log Truck**

Oversight notes Section 304.180, subsection 14, proposes that local log trucks and local log truck tractors may have a total weight of up to one hundred nine thousand six hundred pounds (from previous one hundred five thousand pounds). Provided however, when operating on the national system of interstate and defense highways.

Oversight notes that in further conversation with the **Missouri Department of Transportation (MoDOT)**, via e-mail, the officials assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this section.

**Sections 340.341, 340.345, 340.381, 340.384, 340.387 large animal veterinary medicine loan repayment program.**

In response to the similar proposal, SB 529 -2023, officials from the **Missouri Department of Agriculture (MDA)** assume the proposal will have no fiscal impact on their organization. MDA notes six students have been awarded \$20,000 each (per academic year) for the past three years.

**Oversight** notes this proposal increases the number of students awarded from six to 12 per academic year. In addition, the proposal increases the amount of award from \$20,000 per academic year to \$30,000 per academic year, not to exceed \$120,000 total (per student). Oversight assumes MDA may award the maximum number of students allowed; therefore, Oversight will reflect an increased cost to MDA of \$240,000 ((6 new x \$30,000) + (6 existing x (\$30,000 - \$20,000)) per year.

Oversight notes this proposal allows MDA to award more than 12 applicants if additional moneys from private grants, gifts, donations, devises, or bequests of moneys, funds, real or personal property, or other assets are deposited in the Veterinary Student Loan Payment Fund; therefore, Oversight will reflect the increase as “Could exceed \$240,000”.

Oversight notes there was a \$14 balance in the Veterinary Student Loan Payment Fund (0803) as of February 28, 2023.

**Oversight** notes actual expenditures for this program over the past three years have been:

	Expenditures	Applicants	Recipients
FY 2021	\$116,400	13	6

FY 2020	\$116,348	11	6
FY 2019	\$116,318	12	6

**Oversight** notes this program has a transfer from the Lottery Proceeds Fund to fund the program. With the small balance of the Veterinary Student Loan Payment Fund, Oversight will assume the additional proceeds needed for a program expansion will be transferred in from the Lottery Proceeds Fund (0291).

**§578.156 – Transportation of livestock**

In response to the similar proposal, SB 666 – 2023, officials from the **Department of Corrections (DOC)** stated this proposal establishes the offense of interference with the transportation of livestock. The bill amends Chapter 578, RSMo, to add one new section, which will be known as 578.156. The bill intends to create a felony for the interference with the transportation of livestock; a class E felony for a first offense and a class C felony for any second or subsequent offenses.

As these are new crimes, there is little direct data on which to base an estimate, and as such, the department estimates an impact comparable to the creation of a new class C and E felony.

For each new nonviolent class E felony, the department estimates one person could be sentenced to prison and two to probation. The average sentence for a nonviolent class E felony offense is 3.4 years, of which 2.1 years will be served in prison with 1.4 years to first release. The remaining 1.3 years will be on parole. Probation sentences will be 3 years. The cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2026.

**Change in prison admissions and probation openings with legislation-Class E Felony (nonviolent)**

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	1	1	1	1	1	1	1	1	1	1
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	2	2	2	2	2	2	2	2	2	2
<b>Change (After Legislation - Current Law)</b>										
Admissions	1	1	1	1	1	1	1	1	1	1
Probations	2	2	2	2	2	2	2	2	2	2
<b>Cumulative Populations</b>										
Prison	1	2	2	2	2	2	2	2	2	2
Parole			1	1	1	1	1	1	1	1
Probation	2	4	6	6	6	6	6	6	6	6
<b>Impact</b>										
Prison Population	1	2	2	2	2	2	2	2	2	2
Field Population	2	4	7	7	7	7	7	7	7	7
<b>Population Change</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>

For each new class C felony, the department estimates four people will be sentenced to prison and six to probation. The average sentence for a class C felony offense is 6.9 years, of which 3.7

years will be served in prison with 2.1 years to first release. The remaining 3.2 years will be on parole. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 15 additional offenders in prison and 19 additional offenders on field supervision by FY 2027.

**Change in prison admissions and probation openings with legislation-Class C Felony**

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	4	4	4	4	4	4	4	4	4	4
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	6	6	6	6	6	6	6	6	6	6
<b>Change (After Legislation - Current Law)</b>										
Admissions	4	4	4	4	4	4	4	4	4	4
Probations	6	6	6	6	6	6	6	6	6	6
<b>Cumulative Populations</b>										
Prison	4	8	12	15	15	15	15	15	15	15
Parole				1	5	9	13	13	13	13
Probation	6	12	18	18	18	18	18	18	18	18
<b>Impact</b>										
Prison Population	4	8	12	15	15	15	15	15	15	15
Field Population	6	12	18	19	23	27	31	31	31	31
<b>Population Change</b>	<b>10</b>	<b>20</b>	<b>30</b>	<b>34</b>	<b>38</b>	<b>42</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>

**Combined Estimated Impact**

The combined estimated cumulative impact of a new class E felony and a new class C felony on the department is estimated to be 17 additional offenders in prison and 26 additional offenders on field supervision by FY 2027.

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	5	5	5	5	5	5	5	5	5	5
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	8	8	8	8	8	8	8	8	8	8
<b>Change (After Legislation - Current Law)</b>										
Admissions	5	5	5	5	5	5	5	5	5	5
Probations	8	8	8	8	8	8	8	8	8	8
<b>Cumulative Populations</b>										
Prison	5	10	14	17	17	17	17	17	17	17
Parole	0	0	1	2	6	10	14	14	14	14
Probation	8	16	24	24	24	24	24	24	24	24
<b>Impact</b>										
Prison Population	5	10	14	17	17	17	17	17	17	17
Field Population	8	16	25	26	30	34	38	38	38	38
<b>Population Change</b>	<b>13</b>	<b>26</b>	<b>39</b>	<b>43</b>	<b>47</b>	<b>51</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>

	# to prison	Cost per year	Total Costs for prison	Change in probation & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	5	(\$9,499)	(\$39,579)	0	\$0	8	(\$39,579)
Year 2	10	(\$9,499)	(\$96,890)	0	\$0	16	(\$96,890)
Year 3	14	(\$9,499)	(\$138,359)	0	\$0	25	(\$138,359)
Year 4	17	(\$9,499)	(\$171,367)	0	\$0	26	(\$171,367)
Year 5	17	(\$9,499)	(\$174,794)	0	\$0	30	(\$174,794)
Year 6	17	(\$9,499)	(\$178,290)	0	\$0	34	(\$178,290)
Year 7	17	(\$9,499)	(\$181,856)	0	\$0	38	(\$181,856)
Year 8	17	(\$9,499)	(\$185,493)	0	\$0	38	(\$185,493)
Year 9	17	(\$9,499)	(\$189,203)	0	\$0	38	(\$189,203)
Year 10	17	(\$9,499)	(\$192,987)	0	\$0	38	(\$192,987)

If this impact statement has changed from statements submitted in previous years, it could be due to an increase/decrease in the number of offenders, a change in the cost per day for institutional offenders, and/or an increase in staff salaries.

If the projected impact of legislation is less than 1,500 offenders added to or subtracted from the department's institutional caseload, the marginal cost of incarceration will be utilized. This cost of incarceration is \$26.024 per day or an annual cost of \$9,499 per offender and includes such costs as medical, food, and operational E&E. However, if the projected impact of legislation is 1,500 or more offenders added or removed to the department's institutional caseload, the full cost of incarceration will be used, which includes fixed costs. This cost is \$87.46 per day or an annual cost of \$31,921 per offender and includes personal services, all institutional E&E, medical and mental health, fringe, and miscellaneous expenses. None of these costs include construction to increase institutional capacity.

DOC's cost of probation or parole is determined by the number of P&P Officer II positions that are needed to cover its caseload. The DOC average district caseload across the state is 51 offender cases per officer. An increase/decrease of 51 cases would result in a cost/cost avoidance equal to the salary, fringe, and equipment and expenses of one P&P Officer II. Increases/decreases smaller than 51 offender cases are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

**Oversight** does not have any information contrary to that provided by DOC. Therefore, Oversight will reflect DOC's estimated impact for fiscal note purposes.

In response to the similar proposal, SB 666 – 2023, officials from the **Office of the State Public Defender (SPD)** state the proposed legislation creates a new offense under section 578.156 which could result in additional cases eligible for SPD representation. The number of additional cases is unknown and as a result, the fiscal impact is unknown.

**Oversight** notes in FY22 the SPD was appropriated moneys for 53 additional FTE. Oversight assumes this proposal will create a minimal number of new cases and that the SPD can absorb the additional caseload required by this proposal with current staff and resources. Therefore, Oversight will reflect no fiscal impact to the SPD for fiscal note purposes. However, if multiple bills pass which require additional staffing and duties, the SPD may request funding through the appropriation process.

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the proposal will have no measurable fiscal impact on MOPS. The enactment of a new crime (578.156.2) creates additional responsibilities for county prosecutors and the circuit attorney which may, in turn, result in additional costs, which are difficult to determine.

In response to the similar proposal, SB 666 – 2023, officials from the **Missouri Department of Agriculture (MDA)** state the bill says, "...does not pertain to law enforcement", per their regulations, MDA should probably be added to the language. Per Section 267.645, the Department may enter premises — rules and regulations —

1. The department of agriculture is authorized and directed to cooperate with the United States Department of Agriculture in performing the duties and exercising the powers vested in it under sections 267.560 to 267.660 and is empowered to enter at any time any premises, barns, stables, sheds, vehicles or other places where livestock or birds are kept for the purpose of administering and enforcing the provisions of sections 267.560 to 267.660. 2. The department may make such rules and regulations pursuant to the provisions of section 267.122 and chapter 536 as may be deemed necessary for the enforcement of sections 267.560 to 267.660 including all necessary rules and regulations for the entry and movement of livestock, animals or birds into, within and through the state.

In response to the similar proposal, SB 666 – 2023, officials from the **Attorney General's Office**, the **Department of Public Safety - Missouri Highway Patrol**, and the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their respective organizations.

In response to similar legislation from 2023 (HCS for HB 576), officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.



<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>GENERAL REVENUE FUND</b>			
<u>Transfer Out</u> – 68.080 to the Waterways and Ports Trust Fund for grants to local port authorities (p.4)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Reduction in Revenue</u> – Section 135.778. 3 – changed cap from \$4 million to \$5.5 million (p. 7)	\$0 Up to (\$1,500,000)	\$0 Up to (\$1,500,000)	\$0 Up to (\$1,500,000)
<u>Revenue Reduction</u> - §143.022 – Business Exemption p. (7-8)	(\$2,160,600)	(\$2,155,065)	(\$2,102,909)
Revenue Reduction - §143.121 Beginning farmer subtraction p. (8-9)	(\$60,638 to \$9,702,000)	(\$58,800 to \$9,408,000)	(\$57,575 to \$9,212,000)
Costs – DOR - §143.121 Form and Computer Upgrades p. (9)	(\$24,386)	\$0	\$0
<u>Transfer Out</u> – §256.800 - to the Flood Resiliency Improvement Fund (p.10-11)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Transfer Out</u> – Section 262.911 - to the newly established fund for the promotion of Missouri hardwood products (p.11)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> – DOC – Section 578.156 - Increased incarceration costs (p.14-16)	(\$39,579)	(\$96,890)	(\$138,359)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$2,858,203)</u></b> <b><u>Up to</u></b> <b><u>(\$13,426,565)</u></b>	<b><u>(\$2,310,755)</u></b> <b><u>Up to</u></b> <b><u>(\$13,159,955)</u></b>	<b><u>(\$2,298,843)</u></b> <b><u>Up to</u></b> <b><u>(\$12,953,268)</u></b>

<b>LOTTERY PROCEEDS FUND (0291)</b>			
<u>Transfer Out</u> – Section(s) 340.341 to 340.387 - to the Veterinary Student Loan Payment Fund for expansion of the program	Up to <u>(\$240,000)</u>	Up to <u>(\$240,000)</u>	Up to <u>(\$240,000)</u>
<b>ESTIMATED NET EFFECT TO THE LOTTERY PROCEEDS FUND</b>	<b>Up to <u>(\$240,000)</u></b>	<b>Up to <u>(\$240,000)</u></b>	<b>Up to <u>(\$240,000)</u></b>
<b>FLOOD RESILIENCY IMPROVEMENT FUND</b>			
<u>Transfer In</u> – \$256.800 - from General Revenue (p.10-11)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – DNR – \$256.800 - grants and/or financial assistance for flood resiliency plans (p.10-11)	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE FLOOD RESILIENCY IMPROVEMENT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>WATERWAYS AND PORTS TRUST FUND</b>			
<u>Transfer In</u> – from the General Revenue fund (68.080)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – MoDOT – disbursement of grants to local port authorities	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE WATERWAYS AND PORTS TRUST FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<b>MISSOURI HARDWOOD FOREST PRODUCT PROMOTION FUND</b>			
<u>Transfer In</u> – §262.911 - From the General Revenue for administration of the program	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – DED – §262.911 Administration of the program (p.11)	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON THE MISSOURI HARDWOOD FOREST PRODUCT PROMOTION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>VETERINARY STUDENT LOAN PAYMENT FUND (0803)</b>			
<u>Transfer In</u> – Section(s) 340.341 to 340.387 - from the Lottery Proceeds fund (p.12)	Up to (\$240,000)	Up to (\$240,000)	Up to (\$240,000)
<u>Income</u> – MDA – Section(s) 340.341 to 340.387 - private grants, gifts, donations, devises or bequests (p12)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – MDA – Section(s) 340.341 to 340.387 - increase in number and amount of awards for veterinary students (p.13)	Could exceed (\$240,000)	Could exceed (\$240,000)	Could exceed (\$240,000)
<b>ESTIMATED NET EFFECT ON THE VETERINARY STUDENT LOAN PAYMENT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<b>AGRICULTURE PROTECTION FUND (0970)*</b>			
<u>Loss of Revenue</u> –(delayed 1 year) MDA – increase in number of commercial NRUP license fees §281.102 p. 12	(\$91,630)	(\$91,630)	\$0
<u>Loss of Revenue</u> – (delayed 1 year) MDA – increase in number of non-commercial NRUP license fees §281.102	(\$16,083)	(\$16,083)	\$0
<u>Savings of Costs</u> (delayed 1 year) – MDA (§281.035 and 281.037)			
Personal Services	\$16,016	\$16,016	\$0
Fringe Benefits	\$11,079	\$11,079	\$0
Computer network	\$20,000	\$20,000	\$0
Equipment and expense	\$2,743	\$2,743	\$0
<u>Total costs</u> – MDA	<u>\$49,838</u>	<u>\$49,838</u>	<u>\$0</u>
FTE Change – MDA	0 FTE	0 FTE	0 FTE
<b>ESTIMATED NET EFFECT ON THE AGRICULTURE PROTECTION FUND*</b>	<b>(\$57,875)</b>	<b>(\$57,875)</b>	<b>\$0</b>

\*Oversight notes the revenue and costs have been shifted from January 1, 2024 to January 1, 2025 per the proposal’s new effective date. The fiscal note for SB 26 (2021) reflected a net positive fiscal impact to the Agriculture Protection Fund and the University of Missouri. With the delayed implementation, Oversight will assume the state and the University will no longer realize that net positive fiscal impact in FY 2024 and half of FY 2025, which is reflected as a negative impact in FY’s 2024 & 2025.

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>LOCAL PORT AUTHORITIES</b>			
<u>Transfer In</u> – from the state (68.080)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON LOCAL PORT AUTHORITIES</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>

FISCAL IMPACT – Small Business

A direct fiscal impact to small agricultural businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies provisions related to agriculture.

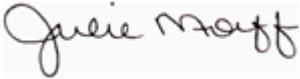
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General’s Office  
 Department of Corrections  
 Department of Public Safety - Missouri Highway Patrol  
 Missouri Department of Agriculture  
 Missouri Department of Transportation  
 Missouri Office of Prosecution Services  
 Office of the State Courts Administrator  
 Office of the State Public Defender  
 Office of Administration – Budget & Planning  
 Department of Revenue  
 Missouri Department of Conservation  
 Office of the Secretary of State  
 Joint Committee on Administrative Rules

L.R. No. 0556H.04F  
Bill No. HS for HCS for SS for SB 138  
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May 8, 2023

City of Kansas City  
City of Springfield



Julie Morff  
Director  
May 8, 2023



Ross Strobe  
Assistant Director  
May 8, 2023