

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 2601-01  
BILL NO.: SB 559  
SUBJECT: Department of Agriculture; Agribusiness Development Authority  
TYPE: Original  
DATE: January 31, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Agribusiness Development Fund	\$0	\$0	\$0
General Revenue Fund	\$0 to (\$10,027,391)	\$0 to (\$10,000,000)	\$0 to (\$10,000,000)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0 to (\$10,027,391)</b>	<b>\$0 to (\$10,000,000)</b>	<b>\$0 to (\$10,000,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

The **Department of Economic Development**, the **State Treasurer's Office** and the **Office of the Lieutenant Governor** assume their agencies would not be administratively impacted by this proposal.

The **Office of Administration** assumes they would not be administratively impacted by this proposal, but noted that this legislation would decrease total state revenue.

The **Department of Natural Resources** assumes the proposed legislation does not change the Department's authority, nor does it appear to add any additional duties to the Department. Therefore, DNR assumes they would not be impacted by this proposal.

The **Department of Agriculture** assumes 50% tax credits up to \$10,000,000 annually are allowed for contributions made to the Agribusiness Development Fund. Therefore, \$0 to \$20,000,000 is reflected as income. Income from fees from loans and loan guarantees cannot be estimated, but are allowed. Such fees would also be deposited in the Agribusiness Development Fund. The amount of loans or loan guarantees cannot be estimated either, but would be limited by the balance of the fund. The legislation does not appear to allow for the administrative costs to be paid from the Agribusiness Development Fund, but these costs would also be necessary for the program delivery.

Additionally, AGR noted their agency is unsure as to whether this proposed legislation would require additional capital improvements or rental space. They noted it depends on the number of staff determined to be needed by this created authority.

The **Department of Revenue** (DOR) assumes that the number of taxpayers eligible for this credit is unknown at this time. The Division of Taxation would request one temporary tax season employee (\$8.00 an hour) for every 130,000 returns filed with this credit and one Tax Processing Technician I for every 3,000 pieces of correspondence received regarding the credit. The Division of Taxation would also need one Tax Processing Technician I (6 months) for every 30,000 income tax errors and one Tax Processing Technician I for every 12,000 corporate tax errors generated by this legislation. The Department would also need one Tax Processing Technician I for every 2,000 income tax credits claimed and one Tax Processing Technician I for every 3,680 business credits claimed.

According to DOR staff, this legislation would require modifications to the individual income tax system. The Division of Taxation estimates these modifications, including programming

ASSUMPTION (continued)

changes, would require 1,384 hours of overtime at a cost of \$41,617. Modifications to the income tax returns and schedules would be completed with existing resources. State Data Center charges would increase due to the additional storage and fields to be captured. Funding in the amount of \$9,007 is requested for implementation costs.

**Oversight** has allowed the Department of Revenue \$27,391 for reprogramming expenses, State Data Center charges and implementation costs. Oversight assumes the Department of Revenue could handle the provisions of this proposal with existing resources or request additional staff through the budget process.

Additionally, Oversight assumes the Agribusiness Development Fund would be a revolving fund; therefore, creating a net effect on the Agribusiness Development Fund of \$0.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>AGRIBUSINESS DEVELOPMENT FUND</b>			
<u>Income - Department of Agriculture</u>			
Contributions	\$0 to \$20,000,000	\$0 to \$20,000,000	\$0 to \$20,000,000
Fees and Other sources of income	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
Total INCOME - AGR	\$0 to \$20,000,000 to Unknown	\$0 to \$20,000,000 to Unknown	\$0 to \$20,000,000 to Unknown
<u>Cost - Department of Agriculture</u>			
Expense (Loan and Loan Guarantees)	(\$1 to Unknown)	(\$1 to Unknown)	(\$1 to Unknown)
Other Expenses - Board	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Total COST - AGR	(\$1 to <u>Unknown</u> )	(\$1 to <u>Unknown</u> )	(\$1 to Unknown)
<b>Estimated Net Effect on AGRIBUSINESS DEVELOPMENT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Department of Revenue</u>			
Reprogramming Costs	(\$27,391)	\$0	\$0
<u>Loss - General Revenue</u>			
Tax Credits	\$0 to <u>(\$10,000,000)</u>	\$0 to <u>(\$10,000,000)</u>	\$0 to <u>(\$10,000,000)</u>
<b>Estimated Net Effect on GENERAL REVENUE FUND</b>	<b><u>\$0 to (\$10,027,391)</u></b>	<b><u>\$0 to (\$10,000,000)</u></b>	<b><u>\$0 to (\$10,000,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

Long-Range Implications

The AGR noted that this proposed legislation would result in increased economic activity because of the increased availability of financing tools for value-added processing businesses. The DED noted a loss of up to \$10 million in tax credits per year which would be offset by some undeterminable economic benefit to Missouri.

FISCAL IMPACT - Small Business

AGR noted that small businesses would be impacted by the added availability of no interest or low interest loans and loan guarantees for businesses adding value to raw agricultural commodities.

DESCRIPTION

This proposal creates the Agribusiness Development Authority. The 12 member board is authorized to issue bonds and notes as needed, grant a 50% tax credit for contributions to the agribusiness development fund, and lend up to \$5 million to value added agricultural businesses in Missouri. The aggregate amount of authorized tax credits may not exceed \$10 million.

DESCRIPTION (continued)

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This legislation is not federally mandated and would not require additional capital improvements or rental space, but would duplicate existing authority. AGR noted that many of the provisions of this proposed legislation duplicate the powers of the Missouri Agricultural and Small Business Development Authority (Sections 348.005-348.181).

SOURCES OF INFORMATION

Department of Agriculture  
Department of Economic Development  
Department of Natural Resources  
Department of Revenue  
Office of Administration  
Office of the Lieutenant Governor  
Office of the State Treasurer



Jeanne Jarrett, CPA  
Director  
January 31, 2000