

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4100-03
Bill No.: SB 990
Subject: Motor Fuel; Agriculture and Animals
Type: Original
Date: January 30, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$0	(\$4,500,000)	(\$4,500,000)
Missouri Qualified Biodiesel Producer Incentive *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$4,500,000)	(\$4,500,000)

* offsetting revenues and expenditures.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer**, the **Department of Natural Resources**, and the **Department of Revenue** assume no fiscal impact to their organizations from this proposal.

Officials from the **Department of Agriculture** assume the Department would administer the program. This would include writing regulations, licensing producers, and making payments to qualified biodiesel producers. It is assumed that there will be no biodiesel production in FY 2003 since it would likely take at least 18 months for the production of biodiesel eligible for grants under this bill. It is also assumed that only one plant will produce biodiesel in FY 2004 and 2005.

The Department of Agriculture provided an estimate of costs based on one qualified plant producing 15 million gallons of biodiesel fuel in 2004 and 2005, resulting in payments of \$4.5 million in 2004 and in 2005.

Oversight assumes any administrative costs for the Department of Agriculture would be minimal and could be provided from existing resources. Oversight also assumes the transfers to the Missouri Qualified Biodiesel Producer Incentive Fund would be paid from the state General Revenue Fund.

Officials of the **Office of the Secretary of State (SOS)** assume this bill would create the Missouri Qualified Biodiesel Producer Incentive Fund which provides grants for producers of biodiesel products. This could create new rules or amendments by the Department of Agriculture and the Department of Revenue which could result in our division publishing rules in the Missouri Register and the Code of State Regulations. This action could require as many as approximately 12 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual costs could be more or less than the numbers give. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. $[(12 \times \$27) + (18 \times \$23) = \$414]$

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Transfers</u> - to Missouri Qualified Biodiesel Producer Incentive Fund	<u>\$0</u>	<u>(\$4,500,000)</u>	<u>(\$4,500,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>\$0</u>	<u>(\$4,500,000)</u>	<u>(\$4,500,000)</u>
MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND			
<u>Transfers</u> - from General Revenue	\$0	\$4,500,000	\$4,500,000
<u>Cost</u> - Production Incentive Grants *	<u>\$0</u>	<u>(\$4,500,000)</u>	<u>(\$4,500,000)</u>
ESTIMATED NET EFFECT ON MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would impact small businesses which produce or consume biodiesel fuel.

DESCRIPTION

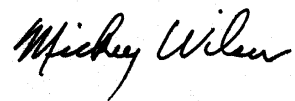
Creates "Missouri Qualified Biodiesel Producer Incentive Fund" to promote the production of Biodiesel fuel. The Director of The Missouri Department of Agriculture shall administer the fund, which would be used to provide quarterly per-gallon production incentive grants to qualified agricultural producer owned biodiesel production facilities. The grants would amount to thirty cents per gallon per year for up to fifteen million gallons of qualified biodiesel fuel produced. A production facility would only be eligible for incentive grants in its first twenty quarters of operation.

This legislation is not federally mandated, would not duplicate any other program and would not
DESCRIPTION (continued)

require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Treasurer
Department of Revenue
Department of Natural Resources
Department of Agriculture
Secretary of State



Mickey Wilson, CPA
Acting Director
January 30, 2002