

HCS#2 SCS SB 162 -- AGRICULTURE

SPONSOR: Munzlinger (Guernsey)

COMMITTEE ACTION: Voted "do pass" by the Committee on Agri-Business by a vote of 9 to 0.

This substitute changes the laws regarding sales tax exemptions, noxious weeds, listing of livestock brands, the Commodity Merchandising Council Program, and grain dealers and establishes the Farm-to-Table Advisory Board.

SALES TAX EXEMPTIONS (Sections 144.010, 144.020, and 144.030, 144.070, RSMo)

The substitute exempts the following items from state and local sales and use taxes:

(1) The sale of captive wildlife and the sale of feed for captive wildlife. Captive wildlife includes, but is not limited to, exotic partridges, gray partridge, northern bobwhite quail, ring-necked pheasant, captive waterfowl, captive white-tailed deer, captive elk, and captive furbearers held under a permit issued by the Department of Conservation for hunting purposes; and

(2) The sale of any accessories for and upgrades to farm machinery and equipment, rotary mowers used exclusively for agricultural purposes, and freight charges on any exempt item.

#### FARM-TO-TABLE ADVISORY BOARD

The Farm-to-Table Advisory Board is established with at least one representative from the University of Missouri-Extension Service; the departments of Agriculture, Corrections, Elementary and Secondary Education, Economic Development, and Health and Senior Services; and the Office of Administration. The Director of the Department of Agriculture will appoint one person who is actively engaged in the practice of small agribusiness. The representative from the Department of Agriculture will serve as chair of the board and will coordinate meetings. The board must hold at least two meetings but may hold more if necessary to fulfill its requirements.

The mission of the board is to provide recommendations for strategies that allow schools and state institutions to more easily incorporate locally grown agricultural products into their cafeteria offerings, salad bars, and vending machines and that increase public awareness of local agricultural practices and the role that local agriculture plays in sustaining healthy

communities and supporting healthy lifestyles.

The board must:

(1) Investigate the status and availability of local, state, federal, and any other resources that may be used to link schools and other state institutions with local and regional farms for the purchase of locally grown products, increase market opportunities for locally grown products, and assist schools and other entities with education campaigns that teach children and the public about the concepts of food production and consumption; the interrelationships between nutrition, food choices, obesity, and health; and the value of an accessible supply of locally grown food;

(2) Identify any type of barrier that prevents or hinders schools and state institutions from purchasing more locally grown products, the expansion of market opportunities for locally grown products, or schools and other entities from engaging in the educational campaigns;

(3) Develop recommendations for the maximization of existing resources and the development of necessary new or expanded resources to accomplish its objectives and the elimination of barriers that hinder these objectives; and

(4) Submit a report with its findings and recommendations to the Governor, General Assembly, and the director of each agency represented on the board by August 31, 2012.

NOXIOUS WEEDS (Sections 263.190 - 263.241 and 263.450)

The substitute:

(1) Specifies that "noxious weed" means any weed designated as noxious by rules established by the Director of the Department of Agriculture and requires the department to maintain a list of noxious weeds and make it available to the public;

(2) Expands the requirement of every landowner to control all noxious weeds growing on his or her land sufficiently to prevent the weeds from going to seed to include any person, association of persons, corporation, partnership, Highways and Transportation Commission, state department, state agency, county commission, township board, school board, drainage board, governing body of an incorporated city, railroad company or other transportation company, and any person supervising state-owned lands;

(3) Prohibits the sale of any noxious weed species; and

(4) Repeals provisions designating specific plants as noxious weeds and requiring entities to control the spread of the weeds as well as the provisions regarding a county noxious weed fund.

#### LISTING OF LIVESTOCK BRANDS (Section 268.121)

Currently, the Director of the Department of Agriculture must publish a list of all livestock brands in a book form and send a copy of the book and any supplement to the county recorder of deeds in each county and to each licensed livestock market and slaughter plant in the state. The substitute removes this requirement but requires the department director to create a list and make it available on a publicly accessible web site. The list must be updated from time to time.

#### COMMODITY MERCHANDISING COUNCIL PROGRAM (Section 275.360)

The substitute adds a rice grower or producer to those exempt from the provision allowing a producer or grower to request a refund of the fees paid to the Commodity Merchandising Council Program.

#### GRAIN DEALERS (Sections 276.421, 276.436, 276.441, 276.446, and 411.280)

The substitute:

(1) Requires every licensed grain dealer or applicant for a grain dealer license to maintain a minimum net worth equal to 5% of annual grain purchases. Currently, only certain dealers or applicants are required to maintain a specified minimum net worth;

(2) Requires any licensed grain dealer or applicant to have and maintain current assets at least equal to 100% of current liabilities and specifies certain requirements regarding the determination of the amount of assets and liabilities;

(3) Increases the minimum surety bond requirement for a licensed grain dealer from \$20,000 to \$50,000 and the maximum from \$300,000 to \$600,000;

(4) Changes the formula for determining the amount of surety bond required by specifying that the amount must be equal to 2% of the dealer's previous year's grain purchases, instead of between 1% and 5% of the purchases;

(5) Changes the net worth an owner of a licensed grain warehouse must have and maintain to the greater of \$10,000 or the amount which results from multiplying the storage capacity of the

warehouse by 25 cents per bushel instead of the current 15 cents per bushel; and

(6) Repeals the provision that allows a grain dealer who has purchased less than \$400,000 of grain during the previous year to satisfy the bond requirement by filing a bond at the rate of \$1,000 for every \$20,000 worth of grain purchased with a minimum bond of \$10,000.

The provisions regarding the Farm-to-Table Advisory Board will expire August 31, 2012.

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of Unknown more than \$100,000 in FY 2012, FY 2013, and FY 2014. Estimated Net Effect on Other State Funds of an income of Unknown to a cost of Unknown in FY 2012, FY 2013, and FY 2014.

PROPOSERS: Supporters say that the bill will create an advisory board to work on a program to bring produce grown in Missouri to schools and other institutions more efficiently. Currently, many schools do not know how to work within their current procurement process to purchase fresh, locally grown produce. The advisory board will look at the current obstacles and make recommendations for statute and rule changes to make the process easier. The bill will allow schools and other institutions the opportunity to provide fresh, healthier food choices that could encourage healthier eating behaviors and lifestyles.

Testifying for the bill were Senator Munzlinger; American Cancer Society; American Heart Association; and Composting and Organics Association of Missouri.

OPPOSERS: There was no opposition voiced to the committee.