

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0782-01
Bill No.: HB 367
Subject: Agriculture and Animals; Revenue Dept.; Taxation and Revenue – General;
 Taxation and Revenue – Sales and Use
Type: Original
Date: February 28, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation	(Unknown)	(Unknown)	(Unknown)
Parks and Soil	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Agriculture, Department of Economic Development – Public Service Commission, and Department of Economic Development – Office of Public Counsel** assume this proposal would have no fiscal impact on their agencies.

Officials of the **Department of Revenue (DOR)** assume this legislation allows new generation cooperatives to be exempt from sales tax when purchasing natural gas and also exempts field drain tile used exclusively, solely and directly for producing agricultural products. DOR assumes this proposal would have little if any administrative impact on their agency.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would exempt natural gas used by eligible new generation cooperatives as defined in Section 348.432, RSMo from certain provisions of the local sales and use tax law. Although the amount of natural gas used by eligible new generation cooperatives is unknown, DNR does not believe it to be significant. DNR assumes the proposal would result in decreased revenue to the Parks and Soils Sales Tax Fund. DNR further assumes the Department of Revenue or the Department of Agriculture would provide the revenue projections.

Oversight assumes this proposal would potentially decrease revenue as a result of sales tax exemptions permitted by this act. The amount is unknown. **Oversight** will reflect the revenue

ASSUMPTION (continued)

loss for this proposal as a negative unknown for each year.

This proposal could decrease Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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GENERAL REVENUE FUND

Loss - General Revenue

Sales tax exemption for natural gas used by eligible new generation coops.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUNDS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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OTHER STATE FUNDS

Loss - Other State Funds

Sales tax exemption for natural gas used by eligible new generation coops.			
School District Trust Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Conservation Sales Tax Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Parks and Soil Sales Tax Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Loss to Political Subdivisions</u> Sales tax exemption for natural gas used by eligible new generation coops.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>

FISCAL IMPACT - Small Business

New generation cooperatives and farmers that use field drain tile and that are members of new generation cooperative ethanol plants would be expected to be impacted as a result of this proposal.

DESCRIPTION

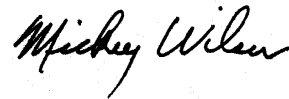
This proposal exempts from state and local sales and use taxes natural gas used by an eligible new generation cooperative and field drain tile used exclusively for producing crops, raising and feeding livestock, fish, poultry, pheasants, chukar, quail, or for producing milk for ultimate sale at retail.

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

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SOURCES OF INFORMATION

Department of Revenue
Department of Natural Resources
Department of Agriculture
Department of Economic Development
Public Service Commission
Office of Public Counsel

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Director
February 28, 2005