

HCS SCS SB 773 -- AGRICULTURE

SPONSOR: Cauthorn (Fisher)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Agri-Business by a vote of 10 to 0.

This substitute changes the laws regarding agricultural programs in Missouri.

MITIGATION OF PROPERTY DAMAGE AND DESTRUCTION

This substitute exempts owners of anhydrous ammonia from reasonable cleanup costs caused by illegal tampering and specifies that a person who negligently damages or destroys a field crop product is liable only for actual damages directly related to the damaged or destroyed crop. Currently, a person who knowingly damages or destroys a field crop product is liable for double the damages.

DRAINAGE DISTRICTS

The substitute authorizes drainage district boards to impose an annual processing fee for assessed tracts when the board determines that the costs of preparing and processing the district's maintenance tax statement exceed the amount of tax imposed. The fee will be set by the board at the district's annual maintenance tax hearing.

BIODIESEL FUEL USE IN DEPARTMENT OF TRANSPORTATION VEHICLES

Currently, at least 75% of the Department of Transportation's diesel-powered vehicle fleet and heavy equipment are required to use diesel fuel with a biodiesel fuel oil content of "B-20", which is defined as a blend of 20% by volume biodiesel fuel and 80% by volume petroleum-based diesel fuel, if it is commercially available. The substitute allows the Department of Agriculture in consultation with the Department of Transportation by rule to exempt in whole or in part the Department of Transportation's affected vehicles from the B-20 biodiesel fuel requirement.

AGRICULTURAL LOANS

The substitute defines "vermiculture operation" as a Missouri business entity engaged in raising earthworms under a controlled environment and makes them eligible for certain agricultural loan programs including Agricultural Linked Deposit loans and single-purpose animal facility loan guarantees.

GOVERNOR'S ADVISORY COUNCIL ON AGRICULTURAL SCIENCE AND TECHNOLOGY

The substitute establishes the Governor's Advisory Council on Agricultural Science and Technology consisting of seven members appointed by the Governor. The council will be required to:

- (1) Apprise the Governor of new developments in science and technology;
- (2) Identify the state's long-term needs regarding science and technology;
- (3) Provide scientific inquiry into regulatory matters upon request by the Governor; and
- (4) Identify potential economic opportunities for the state in the plant biotechnology industry.

STEALING ANIMALS

The substitute revises the crime of stealing any animal to include all livestock as defined in Section 144.010, RSMo.

AGRICULTURAL BUSINESS DEVELOPMENT

The substitute renames the Marketing Division within the Department of Agriculture as the Agriculture Business Development Division. The Marketing Development Fund is also renamed as the Agriculture Business Development Fund.

SALES TAX EXEMPTION ON DIESEL FUEL USED IN FARMING AND SALES AND LOCAL USE TAX EXEMPTION FOR UTILITIES FOR CERTAIN AGRI-BUSINESSES

The substitute authorizes an exemption from state and local sales and use tax for the cost of all utilities used in the manufacturing, processing, compounding, mining, or production of pesticides, meat, petfood, livestock and poultry feed, purchases for research and development of agricultural biotechnology products, and prescription pharmaceuticals. The substitute also exempts the current sales tax on one half of the purchase price of diesel fuel used for agricultural purposes.

PURCHASE OF DAIRY COWS INCENTIVE PROGRAM

The substitute specifies that the Agricultural Small Business Development Authority will pay the first year of charged interest payments on all linked deposit loans used for acquisition of dairy cows.

NEW GENERATION COOPERATIVES

Any reimbursement to a interim forming board, unless specified in the membership contract, is required to be approved by a vote of the association members. This voting requirement does not apply to any association that specified in the membership contract that interim officers would receive a specified remuneration amount.

No agricultural tax credits are to be issued to any new generation processing entity member if the entity is not in compliance with the Packers and Stockyard Act of 1921.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 in FY 2007, \$0 to \$311,220 in FY 2008, and \$0 to \$384,668 in FY 2009. No impact on Other State Funds in FY 2007, FY 2008, and FY 2009.

PROPOSERS: Supporters say that the bill is necessary to revitalize the state's dairy industry. Missouri no longer produces an adequate amount of milk to satisfy the state's needs and has fallen from fourteenth to twenty-first in milk production nationally. For every additional dairy cow added to a dairy operation in Missouri, \$13,700 of economic activity is created.

Testifying for the bill were Senator Cauthorn; Department of Agriculture; and Missouri Dairy Council.

OPPOSERS: There was no opposition voiced to the committee.

Roland Tackett, Legislative Analyst