

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5578-03
Bill No.: HCS for HB 1640
Subject: Agriculture and Animals; Agriculture Department
Type: Original
Date: April 17, 2014

Bill Summary: Changes the laws regarding agriculture

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 to (Unknown)	(Unknown more than \$2,163,084 - \$5,425,733)	(Unknown more than \$2,163,084 - \$5,425,733)
Total Estimated Net Effect on General Revenue Fund	\$0 to (Unknown)	(Unknown more than \$2,163,084 - \$5,425,733)	(Unknown more than \$2,163,084 - \$5,425,733)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 28 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Blind Pension	(Unknown)	(Unknown)	(Unknown)
Road	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Conservation Commission	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Parks, and Soil and Water	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
School District Trust	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
Missouri Dairy Industry Revitalization*	\$0	\$0	\$0
Agriculture Protection	(\$21,800 - \$25,000)	Up to \$6,400	Up to \$12,800
Colleges & Universities*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown More than \$100,000)	(Unknown More than \$100,000)	(Unknown More than \$100,000)

* Revenues and Expenditures net to zero.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(Unknown More than \$100,000)	(Unknown More than \$100,000)	(Unknown More than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

§ 9.205 - Master Gardeners' Week:

Officials at the **Department of Conservation**, the **Department of Natural Resources** and the **Office of Administration** each assume there is no fiscal impact to their respective agencies from this provision.

Oversight assumes this provision designates the second week of March each year as "Master Gardeners' Week" in Missouri and will not result in a direct fiscal impact on state or local government funds.

§135.710 - Alternative Fuel Station Tax Credit:

Officials at the **Office of Administration's Division of Budget and Planning (BAP)** assume no fiscal impact from this provision to BAP.

BAP assumes this provision renews and modifies the Alternative Fuel Station tax credit for tax years 2015 to 2020. The provision expands the list of qualifying properties to include certain electric vehicle recharging stations. The program is capped at \$1 million annually, and may therefore reduce General and Total State Revenues by this amount. BAP notes \$69,454 was redeemed under this program in FY 2012.

Officials at the **Department of Economic Development (DED)** assume that due to inclusion of eligibility of private citizens for tax credits up to \$1,500, the department anticipates there will be a fiscal impact from this provision. DED expects there could be a large number of installations of electric vehicle (EV) recharging stations by private citizens. If an individual is considering the purchase of an EV, it is safe to assume the individual will also purchase a charging station for his/her home to be able to charge the vehicle overnight.

DED estimates the cost for purchase and installation of EV recharging stations range from \$2,000 - \$2,300 for a Level 2 (dedicated outlet charging in approximately 6-7 hours). A faster charging residential installation could be up to \$10,000 according to one source.

ASSUMPTION (continued)

DED assumes most installations will be for the Level 2 mid-range station which would be very attractive if there is a tax credit of \$1,500. Until December 31, 2013, there was also a federal tax credit for such recharging stations. It is not known whether this tax credit will be renewed. Limited research into similar tax credits for private citizens in other states revealed a 20% of total cost of the installation or up to \$400 tax credit in Maryland and a 25% or \$750 credit in Oregon.

DED notes the market for EVs tripled from approximately 17,500 sold in the U.S. in 2011 to 53,000 new EVs in 2012. It is likely that the number of EVs will continue to increase dramatically as consumers become more exposed to EV technology and manufacturers release more makes and models of EVs that appeal to a broader range of consumers.

DED assumes a conservative estimate is that the number of EVs sold in the U.S. will be at only 17,500/year, although it is likely to be more. If the EVs are distributed proportionally with population among the states, Missouri could expect the following EV purchases and EV recharging stations:

1,800 in 2014
2,160 in 2015
2,500 in 2016
2,880 in 2017
3,200 in 2018

DED assumes there are likely to be business entities installing EV recharging stations as well as other alternative refueling facilities, especially compressed natural gas (CNG) stations due to the lower cost of natural gas.

DED - Division of Energy would need to review applications, confirm eligibility, costs, and determine whether a Missouri contractor (if located within 75 miles) was used for 51% of the costs of the station. DED estimates one additional Energy Specialist III would be needed to perform these duties to be able to certify eligibility to the Department of Revenue.

Officials at the **Department of Revenue** assume there is no fiscal impact from this provision.

Officials at the **Department of Natural Resources** assume there is no fiscal impact from this provision.

ASSUMPTION (continued)

Oversight notes according to the Tax Credit Analysis submitted by the Department of Economic Development regarding this program, the Alternative Fuel Station tax credit program had the following activity;

	FY 2011	FY 2012	FY 2013
Amount Authorized	\$87,925	\$91,365	\$0
Amount Issued	\$87,925	\$91,365	\$0
Amount Redeemed	\$23,365	\$45,690	\$69,454

Oversight notes this credit began on August 28, 2008 for tax years starting January 1, 2009. The program required the alternative fuel stations to be built between January 1, 2009, and January 1, 2012, to qualify for the tax credit. This program has a sunset date that requires it to end on August 28, 2014.

Oversight assumes this provision reauthorizes the Alternative Fuel tax credit. This credit will begin with tax years starting January 1, 2015, and therefore the Fiscal Years impacted would be 2016 and 2017.

Oversight assumes this proposal places a \$1 million cap on this provision and therefore will show the loss of revenue to the State as \$0 (no credits issued) or Up to \$1 million.

Oversight assumes this provision may allow private citizens to claim the credit however, the cap on the proposal remains the same.

Oversight assumes DED would be able to handle this credit with its existing staff.

§137.010 - Taxation Definitions:

BAP assumes this provision adds certain equipment for the storage of certain propane or LP products to the definition of "real property". BAP notes this may lower the ratio used to calculate the assessed value of property. To the extent that local political subdivisions cannot adjust levies to make up any reduced revenues, this may result in lower local revenues, including revenues for school districts. The State Tax Commission may be able to provide additional information.

ASSUMPTION (continued)

Oversight assumes this part of the provision adds "propane or LP gas equipment" to the list of items that are considered to be real property. They are currently considered personal property. Changing from personal property to real property will reduce the assessment ratio causing a loss of assessed valuation, which in turn will reduce local government revenue. Additionally, it will result in a loss of ½ of 1% of the local government revenue reduction to the Blind Pension Fund. **Oversight** assumes it is unknown how much equipment qualifies for this reclassification and therefore it is unknown how large the loss of revenue to local government and the Blind Pension Fund would be.

Oversight will reflect an Unknown loss for local governments and the Blind Pension Fund.

Oversight notes, any estimate of revenue losses due to a reduction in the assessed valuation for specific items should be considered in the context of current state limitations on local government tax revenues.

Based on our review of property tax rate information developed by the Office of the State Auditor, **Oversight** has determined that many local governments would be able to compensate for a reduction in assessed valuation by increasing tax rates within existing tax rate ceilings.

§ 137.021 - Agricultural Land Values:

Officials from the **Office of the Secretary of State - State Library** state that public library districts are funded over 85% by local property taxes. Reductions and constraints in that funding result in service reductions over time, as costs for staff, buildings, maintenance and materials increase with inflation.

Officials from the **City of Kansas City** state that because the city does have some agricultural land in outlying areas within city limits, the limitations in this provision on increases in agricultural land productive values may slightly reduce Kansas City's property tax revenues, but the City is unable to estimate the amount of the loss.

Officials from the **Department of Revenue**, the **State Tax Commission**, the **Missouri House of Representatives**, the **Missouri Senate**, and the **Department of Agriculture** each assume this provision would not fiscally impact their respective agencies.

ASSUMPTION (continued)

Oversight assumes if the proposed schedule for agricultural land went into effect, there would be a fiscal impact beginning in FY17. The current tax revenue would be unchanged in FY15 and FY16 because the provision does not go into effect until after 12/31/2015.

§ 144.527 - Sales Tax Exemption for Specified Farm Products at Farmers Markets:

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this provision would not result in any additional costs or savings to their organization.

BAP officials assume this provision would provide a tax exemption on sales at farmers markets, except for those farmers with over \$25,000 in annual sales at farmers' markets.

BAP officials noted that according to information on the USDA website, Missouri has about 141 of the 7,175 national farmers markets, or about 2.0%. The same source estimates national sales at over \$1.2 billion annually.

BAP officials noted that using these figures would suggest Missouri sales of about \$24 million annually. Some of those sales are probably already exempt, but the amount is unknown. A state sales tax exemption on those sales would reduce total state revenues by the following amounts.

<u>Fund</u>	<u>Amount</u>
General Revenue	\$720,000
School District Trust	\$240,000
Conservation Commission	\$3,000
Parks, and Soil and Water	\$2,000

Officials from the **Department of Revenue (DOR)** assume this provision would exempt all sales of farm products sold at a farmers' market from state and local sales and use taxes.

DOR officials cited a study by the Missouri Department of Agriculture, which provided an estimate of annual sales at Missouri farmers' markets of \$14.5 million. The report stated most of the sales are food related and currently taxed at the reduced food sales tax rate. DOR officials estimated the state sales tax loss at \$228,000, and noted that local governments would also have a negative impact.

Officials from the **City of Columbia** assume this proposal would not have a major impact to their organization.

ASSUMPTION (continued)

Officials from the **City of Kansas City** assume the potential loss to their organization would be negligible.

Officials from **St. Louis County** assume the sales tax loss to their organization would likely be small.

Oversight assumes the fiscal impact of this proposal on \$14.5 million annual sales could be calculated as follows.

<u>Fund or entity</u>	<u>Sales Tax Rate</u>	<u>Revenue Reduction</u>	
		<u>Annual</u>	<u>Ten Months</u>
School District Trust	1.000%	\$145,000	\$120,833
Conservation Commission	0.125%	\$18,125	\$15,104
Parks, and Soil and Water	0.100%	\$14,500	\$12,083
Local Governments *	3.700%	\$536,500	\$447,083

* The 3.7% average rate for local governments was computed by Oversight based on collections reported by the Department of Revenue.

For fiscal note purposes, **Oversight** will include an unknown revenue reduction for the General Revenue Fund since a substantial but unknown part of the reported sales are food and related items which are subject only to the 1% sales tax; none of that 1% tax is deposited into the General Revenue Fund.

Oversight will include a revenue reduction less than \$100,000 per year for the Conservation Commission Fund and the Parks, and Soil and Water Fund. Oversight notes that the revenue reduction for the School District Trust Fund would result in reduced transfers to local school districts in addition to the direct revenue reduction greater than \$100,000 per year for local governments, but will not include those transfers in this fiscal note.

ASSUMPTION (continued)

§§ 261.270, 261.272, 261.273 and 261.275 - Dairy Producer Margin Insurance Program:

Officials from the **Department of Agriculture (AGR)** assume that operational cost of the program will be covered by application fees. If not, MASBDA would need \$20,000 for expense and equipment to administer the program.

AGR assumes current staffing would be able to handle any additional workload from this provision.

AGR assumes the continued operation of dairies in Missouri will have a positive impact on revenues generated for the program and there will be adequate revenue from the sale of dairy products as defined in Section 196.525 and 196.931 RSMo.

AGR assumes Dairy Margin Insurance Program Reimbursement costs would be \$938,084, however maximum participation costs could reach \$3,200,733.

AGR assumes program costs are based on the following criteria.

- 2013 Missouri Milk production totaled 13,294,482 cwt (over 13.2 billion lbs.)
- 75% of the milk produced comes from herds producing less than 4 million lbs.
- 25% of the milk produced comes from herds producing more than 4 million lbs.
- 90% of production will be insured by Missouri dairy farmers.
- A margin of \$6.50 for the cost of premiums.
- Less than 4 million lbs of milk, the premium is \$0.09/cwt at \$6.50 margin.
- More than 4 million lbs of milk, the premium is \$0.29/cwt at \$6.50 margin.
- 80% of Missouri dairies will participate in the program.

AGR has provided the following formula as a basis for program costs at \$6.50 margin.

$13,294,482 \text{ cwt} \times 75\% \times .90\% \times (\$0.09 \times 70\% \text{ } \$0.063) + (13,294,482 \times 25\% \times .90\% \times (\$.29 \times 70\%) \text{ } \$0.2030) = \$1,172,605.06 \times 80\% \text{ participation} = \$938,084$

ASSUMPTION (continued)

AGR has provided the following formula as a basis for program costs at \$8.00 margin.

- Less than 4 million lbs of milk, the premium is \$0.475/cwt at \$8.00 margin.
- More than 4 million lbs of milk, the premium is \$1.36/cwt at \$8.00 margin.
- 80% of Missouri dairies will participate in the program.

$13,294,482 \text{ cwt} \times 75\% \times .90\% \times (\$0.475 \times 70\%) \$.3325) + (13,294,482 \times 25\% \times .90\% \times (\$.34 \text{ maximum reimbursement}) = \$4,000,917 \times 80\% \text{ participation} = \$3,200,733$

Oversight assumes this provision will provide additional assistance to Missouri dairy farmers enrolled in the Federal Dairy Margin Insurance Program. The state will pay additional dairy margin insurance premiums of dairy farmers for the purpose of guaranteeing certain income margins for milk produced.

Oversight assumes state premium payments will be paid based on the number of dairy farmers who enroll in the insurance program and at what level of insurance they enroll.

Oversight will show a cost to General Revenue, transferred to the Missouri Dairy Industry Revitalization fund, between \$938,084 and \$3,200,733 dependent upon program participation.

For the purpose of the fiscal note, **Oversight** will assume any expense and equipment costs to AGR could be absorbed by the department if it is not permitted to collect an application fee.

§§ 261.270, 261.273 - Missouri Agriculture Education Scholarship Program:

Officials from the **Department of Agriculture (AGR)** assumes 80 - \$5,000 annual scholarships would be awarded.

AGR makes no assumptions in regards to those students who might not maintain eligibility.

AGR has not included any provision for payback of scholarship funds if the student does not work in Missouri for the required number of years.

Oversight assumes funding will be made available by AGR to award 80 - \$5,000 scholarships to assist with tuition and fees at two or four year universities, within Missouri, for eligible students.

ASSUMPTION (continued)

Oversight assumes it is unknown how many students will apply and meet eligibility requirements for the scholarship program.

Oversight will show a cost to General Revenue, transferred to the Missouri Dairy Industry Revitalization fund, up to \$400,000. If all scholarships are used (80 x \$5,000) = \$400,000

Officials from the **University of Central Missouri (UCM)** estimate this provision would have a positive fiscal impact on the University in the form of encouraging increased enrollment in UCM's agriculture programs.

UCM assumes increased revenues in student tuition could be as high as one fourth of the annual total scholarships, or \$100,000 per year in increased revenue.

Oversight assumes any increase in enrollment at 2 year and 4 year Missouri colleges and universities from this provision would be an indirect impact and will not be reflected in the fiscal note.

§ 261.275 - University of Missouri Commercial Agriculture Program Annual Study:

Oversight assumes this section of the provision requires the University of Missouri Commercial Agriculture Program to conduct an annual study of the dairy industry for how to grow and enhance the dairy and dairy processing industries in Missouri paid from the Missouri Dairy Industry Revitalization fund.

Officials from the **University of Missouri (MU)** assume this provision would require MU to determine annually an estimated revenue stream from the dairy product sales tax revenue. MU would purchase scanner data related to the Kansas City and St. Louis metro areas and then scale that information to a Missouri estimate. MU estimates dairy industry sales tax research would cost \$25,000 annually.

MU assumes this provision requires MU to work with the Missouri Agricultural Small Business Development Authority (MASBDA) to do annual risk management training. MU estimates risk training to cost \$50,000 annually.

MU assumes this provision requires the University to conduct an annual study of the dairy industry to work on dairy industry revitalization. MU estimates the dairy industry revitalization study to cost \$750,000 annually.

ASSUMPTION (continued)

University of Missouri Annual Expenses from this proposal:

Dairy Industry Sales Tax Study:	\$25,000
Risk Training:	\$50,000
<u>Dairy Industry Revitalization Study:</u>	<u>\$750,000</u>
Total	\$825,000

Oversight assumes MU would receive annual funding to reimburse University costs, related to this proposal, paid from the Missouri Dairy Industry Revitalization Fund.

Officials from the **Department of Revenue (DOR)** state dairy products are sold at a reduced sales tax rate of 1.225% unless the dairy product is sold at restaurant which is taxed at the higher state sales tax rate of 4.225%.

DOR notes sales tax revenues from the sale of dairy products at the reduced sales tax rate of 1.225% from grocery and convenience stores is dedicated to the following funds.

Dairy Sales Tax Distribution:

School District Trust Fund:	1%
Conservation Fund:	0.125%
<u>Soil, Parks, and Water Fund:</u>	<u>0.100%</u>
Total	1.225%

DOR notes the following total dairy sales reported by Standard Industry Classification Codes (SIC) in 2012.

Dairy Farms	\$259,727
Dairy Products	\$9,994,473
Dairy Product Stores	\$63,969,130

Oversight assumes all programs in this proposal would be paid from General Revenue transferred to the Missouri Dairy Industry Revitalization fund beginning in FY16.

ASSUMPTION (continued)

Officials from the **Department of Revenue**, the **Department of Higher Education**, the **State Treasurer's Office**, **Missouri State University** and **Northwest Missouri State University** each assume the provision would not fiscally impact their respective agencies.

§ 262.750 - Rodeos:

Officials from the **Department of Agriculture** and the **Department of Economic Development** each assume the provision would not fiscally impact their agency.

Oversight assumes this provision guarantees the right to conduct and participate in rodeos. There is no direct fiscal impact from this proposed legislation on state or local government funds.

§ 262.975 - Missouri International Agricultural Exchange Website:

Officials at the **Department of Agriculture (AGR)** assumes this provision would have a minimal fiscal impact on AGR and could be implemented with existing resources.

Officials from the **Department of Economic Development** assume this provision would not fiscally impact their agency.

Oversight assumes the website developer awarded the contract for development of the exchange website would be responsible for all costs related to this provision.

Oversight assumes there is no fiscal impact from this provision on state or local government funds.

§ 265.480 - Livestock Processing:

Officials from the **Department of Natural Resources**, the **Department of Agriculture** and the **Department of Conservation** each assume the provision would not fiscally impact their respective agencies.

Oversight assumes this provision prohibits any state agency from excluding any species of livestock from processing through the agricultural or environmental permitting process if the processing facility is qualified to process meat for human consumption and interstate commerce and meets all United States Department of Agriculture standards for processing livestock. This provision will have no direct fiscal impact on state or local government funds

ASSUMPTION (continued)

§ 275.352 - Beef Commodity Merchandising Fees:

Officials from the **Department of Agriculture**, and the **Office of Administration - Division of Budget and Planning** each assume this provision would not fiscally impact their agency.

Oversight assumes this provision repeals the provision that prohibits the state from collecting fees under the Beef Commodity Merchandising Program in excess of the amount credited against the obligation to pay any federal assessments. There is no direct fiscal impact from this provision on state or local government funds.

§ 277.040 - Livestock Marketing Law Fees:

Officials from the **Department of Agriculture**, the **State Treasurer's Office** and the **Office of Administration - Division of Budget and Planning** each assume this provision would not fiscally impact their respective agencies.

Oversight notes the Livestock Sales and Markets Fees Fund accounts for license fees collected for the licensing of livestock sales and markets. Receipts are used for the benefit of the Department of Agriculture, Division of Animal Health. Receipts totaled \$8,925 and disbursements \$8,359 in FY13. There is no direct fiscal impact from this provision on state or local government funds.

§ 304.180 - Livestock Hauling:

Officials from the **Department of Transportation (DHT)** assume an unknown negative impact to the Road Fund from the increased cost of additional wear and tear to the highways and bridges. The department also assumes a negative impact of \$75,000 the first year for computer upgrades to start issuing the \$25 permit fee.

Officials from the **Department of Revenue** and the **Department of Agriculture** each assume this provision will have no fiscal impact on their respective organizations.

Oversight assumes the \$25 fee collected for trucks weighing more than 80,000 would be a minimal income to the Road Fund.

Since it is unknown how many permits will be sold, **Oversight** will estimate the income to the Road Fund as 'Unknown'.

ASSUMPTION (continued)

Oversight will also estimate a cost to the Road Fund of “(Unknown greater than \$100,000)”, since there is no way to quantify the dollar amount of additional wear and tear to the highways and bridges for additional maintenance.

§§ 413.225 - 413.226 - Alternative Fueling Devices:

Officials from the **Department of Agriculture (AGR)** state this provision requires device test fees to be charged for the inspection of compressed natural gas meters, liquefied natural gas meters, electrical charging stations, and hydrogen fuel meters.

AGR state this provision requires the Weights and Measures Division to inspect compressed natural gas meters, liquefied natural gas meters, electrical charging stations, and hydrogen fuel meters.

AGR assumes it is unknown how quickly the use of alternative fuels will grow in the marketplace. AGR assumes compressed natural gas meters will double from current levels in FY16 and again in FY17. AGR does not project adoption rates beyond FY17.

AGR state Missouri currently has 4 stations with 8 retail Compressed Natural Gas (CNG) dispensers.

AGR anticipates the fee per dispenser to be \$50 and the number of dispensers will double each year going forward.

AGR assumes the following fee revenue from dispensers if the number of CNG dispensers increases as expected.

2015: 8 stations X 8 dispensers each X \$50 per dispenser = \$3,200 if fees charged in FY15.
2016: 16 stations X 8 dispensers each X \$50 per dispenser = \$6,400 if fees charged in FY16.
2017: 32 stations X 8 dispensers each X \$50 per dispenser = \$12,800 if fees charged in FY17.

AGR assumes a budget request would be submitted for FY16 to purchase the CNG dispenser testing equipment (\$25,000) and related personnel travel expenses (\$1,000 annually). Fees for CNG dispensers could be collected in FY16 after the purchase of the testing equipment.

AGR assumes any additional inspection responsibilities could be assumed by existing staff. However, continued growth of alternative fuel meters and inspections could require additional staff in the future.

KB:LR:OD

ASSUMPTION (continued)

Oversight assumes this is an expansion of an existing Department of Agriculture Weights and Measures program for the purpose of regulating and measuring alternative fueling devices.

Oversight notes AGR did not request additional funding for CNG testing equipment in its FY15 budget request.

Oversight assumes any fees collected from inspections would be deposited into the Agriculture Protection Fund beginning in FY15. **Oversight** notes currently CNG dispenser stations are not inspected or assessed a testing fee.

Oversight notes the Department of Agriculture FY15 Governor's Recommended Budget included \$133,383 for in-state travel and \$25,459 for out of state travel. **Oversight** assumes the Division of Weights and Measures accounts for travel costs in its annual budget request. Therefore, Oversight assumes any travel costs related to this provision would be absorbed by AGR.

For the purpose of the fiscal note, **Oversight** will assume the initial purchase of inspection equipment, and the assessment of testing fees to CNG dispenser stations, and other alternative fueling stations will begin upon the effective date of the proposal in FY15.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this provision would require the Department of Agriculture to establish fees for testing of compressed natural gas meters, liquefied natural gas meters, electrical charging stations, and hydrogen fuel meters.

BAP assumes any revenues generated by this fee will result in an unknown increase to total state revenue and will be subject to Article X, Section 18(e).

§ 537.325 - Liability for Livestock Activities:

Officials from the **Department of Agriculture**, and the **Office of State Courts Administrator** each assume this provision would not fiscally impact their respective agencies.

Oversight assumes this provision expands the limited liability to a livestock sponsor, a livestock owner, a livestock facility and a livestock auction market for injuries or death from accidents associated with livestock activities. There is no direct fiscal impact from this provision on state or local government funds.

ASSUMPTION (continued)

§§ 537.345, and 537.348 - Property Owner Liability:

Oversight assumes this provision adds trapping, boating and swimming to the activities included under the definition of "recreational use" as it applies to the provisions regarding landowners' liability for recreational use of land. There is no direct fiscal impact from this provision on state or local government funds.

Officials at the **Department of Natural Resources**, the **Office of the State Public Defender**, the **Office of Prosecution Services**, the **Department of Agriculture**, the **Office of the State Courts Administrator**, the **Department of Conservation** the **City of Columbia**, the **City of Jefferson**, **St. Louis County**, the **City of Kansas City** and the **St. Louis County Board of Election Commission** each assume this provision has no direct fiscal impact on their respective agencies.

Bill as a Whole:

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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.

Officials at the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials at the **Office of Attorney General (AGO)** assumes that any potential costs arising from this proposal can be absorbed with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Revenue Reduction - General Revenue</u>			
§ 135.710 - Extension of the Alternative Fuel Tax Credit	\$0	\$0 or (Up to \$1,000,000)	\$0 or (Up to \$1,000,000)
<u>Revenue Reduction - DOR</u>			
§ 144.527 - Farmers Market Sales Tax exemption	(Unknown)	(Unknown)	(Unknown)
<u>Costs - AGR</u>			
§§ 261.270, 261.272 - Margin Insurance Program	\$0	(\$938,084 - \$3,200,733)	(\$938,084 - \$3,200,733)
<u>Costs - AGR</u>			
§ 261.273 - Agriculture Scholarships	\$0	(\$400,000)	(\$400,000)
<u>Costs - AGR</u>			
§ 261.275 - Commercial Agriculture Program Annual Study	\$0	(\$825,000)	(\$825,000)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 to (Unknown)</u>	(Unknown more than \$2,163,084 - \$5,425,733)	(Unknown more than \$2,163,084 - \$5,425,733)
BLIND PENSION FUND			
<u>Revenue Reduction - Blind Pension -</u> §§ 137.010 and 137.021	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u> (continued) ROAD FUND	FY 2015 (10 Mo.)	FY 2016	FY 2017
<u>Income - DHT</u> § 304.180 - \$ 25 fee for trucks over 80,000 pounds	Unknown	Unknown	Unknown
<u>Cost - DHT</u> § 304.180 - Increased Maintenance, Tracking for Increased Weight Limits, Signage and Computer cost	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON ROAD FUND	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)
CONSERVATION COMMISSION FUND			
<u>Revenue Reduction - DOR</u> § 144.527 - Farmers Market Sales Tax exemption	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
PARKS, AND SOIL AND WATER FUND			
<u>Revenue Reduction - DOR</u> § 144.527 - Farmers Market Sales Tax exemption	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
SCHOOL DISTRICT TRUST FUND			
<u>Revenue Reduction - DOR</u>			
§ 144.527 - Farmers Market Sales Tax exemption	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
MISSOURI DAIRY INDUSTRY REVITALIZATION FUND			
<u>Transfer In - from General Revenue</u>			
§§ 261.270, 261.272 - Margin Insurance Program	\$0	\$938,084 - \$3,200,733	\$938,084 - \$3,200,733
<u>Transfer Out - Dairy Producers</u>			
§§ 261.270, 261.272 - Margin Insurance Program	\$0	(\$938,084 - \$3,200,733)	(\$938,084 - \$3,200,733)
<u>Transfer In - from General Revenue</u>			
§ 261.273 - Scholarships	\$0	Up to \$400,000	Up to \$400,000
<u>Transfer Out - Colleges/Universities</u>			
§ 261.273 - Scholarships	\$0	(Up to \$400,000)	(Up to \$400,000)
<u>Transfer In - from General Revenue</u>			
§ 261.275 - Commercial Agriculture Program Annual Study	\$0	\$825,000	\$825,000
<u>Transfer Out - University of Missouri</u>			
§ 261.275 - Commercial Agriculture Program Annual Study	<u>\$0</u>	<u>(\$825,000)</u>	<u>(\$825,000)</u>
ESTIMATED NET EFFECT TO THE MISSOURI DAIRY INDUSTRY REVITALIZATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
AGRICULTURE PROTECTION FUND			
<u>Income - AGR</u>			
§ 413.225 - Inspection Fees	Up to \$3,200	Up to \$6,400	Up to \$12,800
<u>Costs - AGR</u>			
§§ 413.225, 413.226 - CNG Testing Equipment	<u>(\$25,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE AGRICULTURE PROTECTION FUND	<u>(\$21,800 - \$25,000)</u>	<u>Up to \$6,400</u>	<u>Up to \$12,800</u>
 COLLEGES & UNIVERSITIES			
<u>Revenue - from Missouri Dairy Industry Revitalization Fund</u>			
§ 261.273 - Agriculture Scholarships	\$0	Up to \$400,000	Up to \$400,000
<u>Costs - Eligible Students</u>			
§ 261.273 - Agriculture Scholarships	\$0	(Up to \$400,000)	(Up to \$400,000)
<u>Revenue - from Missouri Dairy Industry Revitalization Fund</u>			
§ 261.275 - University of Missouri Commercial Agriculture Program Annual Study Reimbursement	\$0	\$825,000	\$825,000
<u>Costs - University of Missouri</u>			
§ 261.275 - Commercial Agriculture Program Annual Study	<u>\$0</u>	<u>(\$825,000)</u>	<u>(\$825,000)</u>
ESTIMATED NET EFFECT ON COLLEGES & UNIVERSITIES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENT FUNDS			
<u>Revenue Reduction - Local Governments</u>			
§ 137.010 - Changing from Personal Tax to Real Property tax	(Unknown)	(Unknown)	(Unknown)
<u>Loss - Cities and Counties</u>	\$0	\$0	\$0 or (Unknown)
§137.021 - Agricultural Land Tax Revenue			
<u>Revenue Reduction - DOR</u>			
§ 144.527 - Farmers Market Sales Tax exemption	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<u>Revenue - Community Colleges - from Missouri Dairy Industry Revitalization Fund</u>			
§ 261.273 - Agriculture Scholarships	\$0	Up to \$400,000	Up to \$400,000
<u>Costs - Eligible Students</u>			
§ 261.273 - Agriculture Scholarships	<u>\$0</u>	(Up to <u>\$400,000</u>)	(Up to <u>\$400,000</u>)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT FUNDS	(Unknown more than <u>\$100,000</u>)	(Unknown more than <u>\$100,000</u>)	(Unknown more than <u>\$100,000</u>)

FISCAL IMPACT - Small Business

§135.710 - Alternative Fuel Station Tax Credit:

Small businesses that build alternative fuel stations may be positively impacted from this provision.

§ 144.527 - Sales Tax Exemption for Specified Farm Products at Farmers Markets:

This provision would have a direct fiscal impact to small businesses which operate farmers' markets or sell specified items at farmers' markets.

§§ 261.270, 261.272 - Dairy Producer Margin Insurance Program:

Direct fiscal impact to small business dairy farmers by ensuring some amount of margin on production costs would be expected as a result of this provision.

§ 262.975 - Missouri International Agricultural Exchange Website:

Direct positive fiscal impact to small agricultural businesses and farms could be expected as a result of this provision.

§ 277.040 - Livestock Marketing Law Fees:

This provision could have a fiscal impact on small businesses engaged in operating a livestock sale or market.

§ 304.180 - Livestock Hauling:

Small businesses that haul large loads of livestock and/or agriculture products could be potentially impacted by this provision.

§§ 413.225 - 413.226 - Alternative Fueling Devices:

Small businesses providing compressed natural gas meters, liquefied natural gas meters, electrical charging stations, and hydrogen fuel meters could expect to pay a fee for inspections as a result of this proposal.

FISCAL IMPACT - Small Business (continued)

§ 537.325 - Liability for Livestock Activities:

This provision would provide small business livestock farmers, livestock facilities, and livestock auction markets an expanded limited liability for livestock activities, which may lower their insurance rates and provide them protection in a lawsuit.

FISCAL DESCRIPTION

§ 135.710 - Alternative Fuel Station Tax Credit:

This provision reauthorizes the alternative fuel tax credit for six years and adds electric vehicles recharging properties to the list of eligible properties.

§ 137.010 - Taxation Definitions:

This provision adds property used for the storage of liquid and gaseous products and propane and LP gas equipment to the definition of "real property" for the purpose of classifying property for property tax assessment.

§ 137.021 - Agricultural Land Values:

Currently agricultural and horticultural land values for property tax purposes are based on values promulgated by the State Tax Commission every odd-numbered year. Beginning January 1, 2015, this provision changes the requirement to every four years and prohibits the Commission from promulgating a rule that increases agricultural land productive values more than two percent over the current values in effect.

§ 144.527 - Sales Tax Exemption for Specified Farm Products at Farmers Markets:

This provision would create an exemption from state and local sales and use taxes for specific farm products sold at farmers' markets.

FISCAL DESCRIPTION (continued)

§§ 261.270, 261.272 - Dairy Producer Margin Insurance Program:

This section of the proposal establishes the Missouri Dairy and Agriculture Education Act that requires the Department of Agriculture to administer, through the Missouri Agricultural and Small Business Development Authority, a dairy producer margin insurance program for the purpose of protecting dairy producer income by paying participating dairy producers margin insurance payments when actual dairy producer margins are less than the threshold levels for payments.

All dairy producers in the state must be eligible to participate in the program, and any participating dairy producer may annually purchase margin insurance.

§ 261.273 - Missouri Agriculture Education Scholarship Program:

This section of the proposal establishes upon appropriation, scholarships for eligible students who enter an agriculture education program and make a commitment to work in the agriculture industry in Missouri as a condition of receiving the scholarship.

Subject to appropriation, each year the department must make available up to 100 two-year or four-year Missouri agriculture education scholarships in an amount set by the department to assist with the cost of tuition and fees at a two-year or four-year Missouri college or university.

§ 261.275 - University of Missouri Commercial Agriculture Program Annual Study:

This section of the proposal requires the University of Missouri's Commercial Agriculture Program to conduct an annual study of the dairy industry, develop a dairy-specific plan for how to grow and enhance the dairy and dairy processing industries in Missouri, and report the results of the study to the Department and all agriculture-related legislative committee chairpersons by January 1 of each year.

FISCAL DESCRIPTION (continued)

§ 304.180 - Livestock Hauling:

Currently, the total gross weight of a vehicle or combination of vehicles hauling livestock on select highways in the state cannot exceed 85,500 pounds. This provision removes the specified highways and applies this weight limitation to any vehicle hauling livestock or agricultural products, not including local log trucks, on any highway of this state. Any vehicle hauling livestock or agricultural products weighing more than 80,000 pounds must apply to the Department of Transportation yearly for a permit and must receive a permit upon paying a \$25 fee. Upon renewal of the permit, the applicant must submit to the department a list of roads traveled and the number of miles traveled on each road during the year.

§ 413.225 - 413.226 - Alternative Fueling Devices:

This provision adds compressed natural gas meters, liquefied natural gas meters, electrical charging stations, and hydrogen fuel meters to the list of devices that the Division of Weights and Measures in the Department of Agriculture may establish a fee for the registration, inspection, and calibration services performed by the division that is to be deposited into the Agriculture Protection Fund. The provisions regarding standards of weights and measures must apply to commercial weighing and measuring equipment used for measuring or ascertaining the quantity of gas, electricity, or fuel for vehicle use including, but not limited to, compressed natural gas meters, liquefied natural gas meters, electrical charging stations, and hydrogen fuel meters.

§§ 275.352 and 442.571 of this proposal contain an emergency clause.

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

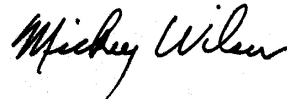
SOURCES OF INFORMATION

Department of Agriculture
Office of Administration
Budget and Planning
State Treasurer's Office
Department of Revenue
Office of Secretary of State
Joint Committee on Administrative Rules
Office of the Attorney General
Department of Economic Development

KB:LR:OD

SOURCES OF INFORMATION (continued)

Department of Transportation
Department of Higher Education
Department of Conservation
Department of Natural Resources
Office of State Courts Administrator
State Public Defender's Office
Office of Prosecution Services
City of Columbia
City of Jefferson
St. Louis County
City of Kansas City
St. Louis County
St. Louis County Board of Election Commission
University of Central Missouri
University of Missouri
Missouri State University
Northwest Missouri State University



Mickey Wilson, CPA
Director
April 17, 2014

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Assistant Director
April 17, 2014