

HCS HB 1640 -- AGRICULTURE

SPONSOR: Reiboldt

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Agriculture Policy by a vote of 10 to 1.

This bill modifies the provisions relating to agriculture.

MASTER GARDENERS' WEEK (Section 9.205, RSMo)

The bill designates the second week of March each year as "Master Gardeners' Week" in Missouri to be observed with activities designed to enhance the knowledge and appreciation of the contributions to gardening, horticulture, and our state's environment made by Missouri master gardener.

ALTERNATIVE FUELS (Sections 135.710 and 137.010)

The bill reauthorizes the alternative fuel tax credit for all tax years beginning on January 1, 2015, but before January 1, 2018. The credit allowed per eligible applicant who is a private citizen must not exceed \$1,500 per eligible applicant that is a business entity. The cumulative amount of tax credits that may be claimed cannot exceed \$1 million in any calendar year. Electric vehicle recharging properties are added to the list of eligible properties for the tax credit.

The bill 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.

AGRICULTURAL LAND VALUES (Section 137.021)

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, the bill changes the requirement to every four years and prohibits the Commission from promulgating a rule that increases agricultural land productive values more than 2% over the current values in effect. The Commission is prohibited from promulgating a rule that increases agricultural land values for the state when 25% or more of all counties in the state have been declared by the President of the United States or the Governor to be affected by a natural disaster in the preceding four years.

If there has been a substantial decrease in the price for agricultural products in the previous four years, the commission is

prohibited from increasing agricultural land productive values. The determination of a substantial decrease will be made by a concurrence of the Director of the Department of Agriculture, the Chairman of the House Committee on Agri-Business, the Chairman of the House Committee on Agriculture Policy, and the Chairman of the Senate Committee on Agriculture, Food Production, and Outdoor Resources.

#### SALES TAX EXEMPTION (Section 144.527)

The bill authorizes a state and local sales and use tax exemption for specified farm products sold at a farmers' market.

This provision does not apply to any farmer with estimated total annual sales of \$25,000 or more from participating in farmers' markets.

#### DAIRY AND AGRICULTURE EDUCATION ACT (Sections 261.270 - 261.275)

The bill establishes the Missouri Dairy Revitalization Act of 2014. In its main provisions, the bill:

- (1) Creates the Missouri Dairy Industry Revitalization Fund;
- (2) Requires the University to conduct or contract with an independent research company to conduct research to determine the estimated sales tax revenue generated in the state from the sales of dairy products and must provide the estimate to the Department of Agriculture by October 1 of each year;
- (3) Specifies that no more than 40% of the estimated sales tax revenue generated from the sales of dairy products may be appropriated from the General Revenue Fund to the Missouri Dairy Industry Revitalization Fund and must be spent in the following order of priority:
  - (a) First, to the dairy producer margin insurance premium assistance program;
  - (b) Second, to the Missouri dairy scholars program; and
  - (c) Third, to the commercial agriculture program;
- (4) Requires the department to create and administer, through the Missouri Agriculture and Small Business Development Authority (MASBDA), a dairy producer margin insurance premium assistance program for the purpose of assisting dairy producers who participate in the federal margin protection program in the federal Agricultural Act of 2014;

(5) Specifies that all dairy producers who participate in the federal margin protection program are eligible to apply to participate in the dairy producer margin insurance premium assistance program and must apply with MASBDA by January 1 of each year;

(6) Specifies that participating dairy producers who have paid their federal premium payment and provide proof of the payment to MASBDA are eligible to have 70% of federal premium payment up to a maximum premium reimbursement rate of \$.34 per hundredweight of milk;

(7) Requires the University of Missouri and MASBDA to provide risk management training for Missouri dairy producers annually;

(8) Creates the Missouri Dairy Scholars Program, administered by the department, for eligible students in agriculture-related degree programs who make a commitment to work in Missouri's agriculture industry;

(9) Requires the department to make available to eligible students up to 80 scholarships in the amount of \$5,000 each to assist with the costs of tuition at a Missouri two-year or four-year college or university;

(10) Sets out eligibility requirements for students, including requirements to sign a contract with the department in which the recipient agrees to work in the agriculture industry in Missouri for at least two years for every year the recipient receives the scholarship and to work on a dairy farm or in a dairy-related internship for at least three months; and

(11) 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.

#### MISSOURI INTERNATIONAL AGRICULTURAL EXCHANGE (Section 262.975)

The Department of Agriculture is allowed to contract with an Internet website development company to build and maintain the Missouri International Agricultural Exchange website. The website must contain content approved by the department to promote Missouri agricultural products and services to international agricultural buyers. The bill:

(1) Requires the exchange to allow Missouri-based agricultural sellers to post their products produced in Missouri on the website at no charge to assist in marketing them to international buyers. A seller must register through the website, show proof of Missouri residency, and provide any additional information required by the department;

(2) Specifies that the state will have exclusive ownership rights of content on the exchange, but the website developer may use informational content provided by the department, add to the content, and apply search engine optimization to the website's content to achieve a high search engine ranking;

(3) Allows the website developer to sell advertising on the website to any entity that will benefit from marketing to international agricultural producers or buyers. The developer will be responsible for all costs associated with the development, marketing, and maintenance of the website and will retain all advertising revenues obtained from the website. The developer is prohibited from selling advertising to any entity that is not related to agriculture or furthers the interest of specified content types;

(4) Requires the website developer to have proven experience and expertise in search engine optimization as determined by the Department of Agriculture or the Department of Economic Development and to provide evidence of website development projects that increased search engine rankings for the client;

(5) Requires the Department of Agriculture, in conjunction with the Department of Economic Development, to review all applications and award an annual contract for the development, design, marketing, and maintenance of the website with annual contract renewals for continuing upgrades, marketing, and maintenance of the website; and

(6) Authorizes the Department of Agriculture to terminate a contract at its discretion. A developer may have his or her contract terminated for failure to operate under the department's guidelines for the website. If the contract is terminated, the department will assume ownership of all site-related domain names and must award a new contract in accordance with the procedures for awarding the initial contract.

#### LIVESTOCK PROCESSING (Section 265.480)

The bill 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.

#### ANIMAL DATA COLLECTED BY STATE (Section 267.169)

The bill specifies that data relating to premises registration, animal identification, or animal tracking collected by any state agency from participants under the federal Animal Disease Traceability Program or any data collected for the purpose of animal health or environmental protection is not subject to the Missouri Sunshine Law.

Any unauthorized release of information regardless of the type or quantity of information released is a violation. Any entity or person alleging a violation may bring a civil action against the agency in a court of component jurisdiction. A court may order any appropriate relief including damages not to exceed \$10,000, payment of reasonable attorney's fees, costs, expenses or any other relief the court deems necessary and proper.

#### MISSOURI LIVESTOCK MARKETING LAW (Section 277.040)

The bill specifies that all license fees collected under the Missouri Livestock Marketing Law cannot yield revenue greater than the total cost of administrating the law during the ensuing year.

#### COMMERCIAL PESTICIDE APPLICATORS (Section 281.065)

Currently, a certified commercial pesticide applicator must furnish evidence of financial responsibility with the Director of the Department of Agriculture in order to receive a license. This bill removes the requirement of an applicator to furnish the evidence for license renewal, unless upon request. If the director so requests, the applicator must furnish the evidence within 10 working days of receiving the request. The Director must be notified of cancellation or reduction of financial responsibility for any applicator or employer of the applicator. The applicator or applicator's employer must maintain evidence of financial responsibility at their business location. If the financial responsibility furnished becomes unsatisfactory, new financial responsibility instruments must be immediately executed and maintained at the business location.

VEHICLES HAULING LIVESTOCK AND AGRICULTURAL PRODUCTS (Section 304.180)

Currently, the total gross weight of a vehicle or combination of vehicles hauling livestock on specified highways in the state cannot exceed 85,500 pounds with the exception of vehicles operated on the Dwight D. Eisenhower System of Interstate and Defense Highways. The bill 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 with the specified exception. Any business operating a 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.

ALTERNATIVE FUELING DEVICES (Sections 413.225 and 413.226)

The bill 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.

FOREIGN OWNERSHIP OF CERTAIN LAND (Section 442.571)

Currently, an alien or foreign business is allowed to purchase agricultural acreage in the state if the total aggregate ownership does not exceed 1% of the total aggregate agricultural acreage in this state; the sale, transfer, or acquisition of any agricultural land must be approved by the Director of the Department of Agriculture; and the department must establish the requirements for the submission and approval of requests to purchase, transfer, or acquire agricultural land. The bill requires a sale or transfer of agricultural land to be submitted to the department director for review only if there is no completed Internal Revenue Service Form W-9 signed by the purchaser. Any security interest in the agricultural land held by a person as an agent, trustee, or other fiduciary for an alien or foreign business cannot be divested or invalidated by a violation of specified provisions regarding aliens

and corporations of foreign countries acquiring and holding real estate.

#### PROPERTY OWNER LIABILITY (Sections 537.325, 537.345, and 537.348)

Currently, the sponsoring individuals and organizations have limited liability for injuries or death from accidents associated with equine activities. The bill 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.

Livestock activities include grazing, herding, feeding, branding, milking, or other activities that involve the care and maintenance of livestock; a livestock show, fair, competition, or auction; a livestock training or teaching activity; boarding livestock; and inspecting or evaluating livestock.

The bill includes trapping, paddle sports, 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 and specifies liability is not limited for a landowner who intentionally injures a participant, knowingly provides unsafe equipment or devices, or fails to use a degree of care that an ordinary person would use.

#### BEEF COMMODITY MERCHANDISING PROGRAM (Section 275.352)

The bill 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.

The bill contains an emergency clause for Sections 442.571 and 275.352.

**PROPOSERS:** Supporters say that this bill would ensure efficiency in implementation of the Livestock Marketing Law by not allowing the department to collect more revenue than is necessary to implement the law.

Testifying for the bill was Representative Reiboldt.

**OPPOSERS:** There was no opposition voiced to the committee.

**OTHERS:** Others testifying on the bill presented data regarding the amount of money brought in by the fees charged by the program.

Testifying on the bill was Missouri Farm Bureau.