

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0268-03
Bill No.: SCS for HB 100
Subject: Agriculture and Animals; Agriculture Department; Boards, Commissions, Committees, Councils; Bonds - Surety; Business & Commerce; Education, Higher; Insurance - General; Liability; Licenses - Professional; Fees; Soil Conservation
Type: Original
Date: May 1, 2015

Bill Summary: This proposal modifies provisions relating to the administration of topical agricultural products.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Colleges & Universities	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on Other State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** prepared a fiscal note for SB 469, which contained similar language, without agency responses. The fiscal note reflected no direct fiscal impact for this program. Oversight has since received responses from the impacted agencies and has incorporated their estimates into this fiscal note.

§§ 266.301, 266.311, 266.331, 266.336, 266.343, 266.347 - Fertilizer Control Board:

Officials from the **University of Missouri (MU)** assume the revenue generated from the program would be collected by the Director of the Missouri Agricultural Experiment Station (AES).

MU assumes that the expenditure authority would move from the AES Director to the newly formed Fertilizer Control Board. These changes could influence how much of the revenue flows through university programs/activities and result in a negative fiscal impact to MU. AES provided the following FY14 revenue figures for the program.

<u>Revenue</u>	<u>Fertilizer Fees</u>
Tonnage Fees	\$1,068,263
Audits	\$3,330
Permit Fees	\$142,700
Deficiency Payments	\$13,687
<u>Late Payment Fees</u>	<u>\$10,986</u>
Total Revenue	\$1,238,967

Oversight assumes this proposal changes the revenue and expenditure decision making authority from the AES Director to the newly formed Fertilizer Control Board. This fiscal impact of this proposal would be \$0 to an (unknown) cost, dependent on the decisions made by the newly formed Fertilizer Control Board.

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** state current law authorizes fertilizer permit fees to be set within prescribed statutory limits by the director of the Missouri Agricultural Experiment Station at the University of Missouri-Columbia College of Agriculture, Food and Natural Resources.

ASSUMPTION (continued)

B&P assumes this proposal transfers that power to a new control board to replace the program's current advisory board. The new board would have no more latitude to set fees than is currently the case for the director. This transfer of power should not affect calculations either for 18e or TSR.

B&P assumes current law also establishes how penalties for noncompliance are to be calculated. The proposal leaves those provisions in place, but does place new upper limits on the amount of penalties that can be assessed per year and per offense. These upper limits would not affect 18e calculations but could decrease TSR calculations by an unknown amount. B&P defers to the University of Missouri-Columbia for an estimate of the proposal's fiscal impact.

Oversight assumes section 266.343 of this proposal limits the total penalties that can be assessed to a fertilizer distributor to no more than \$5,000 per year, or the amount of the current value of the plant food deficiency, whichever is greater. A fertilizer distributor, who knowingly violates the provisions of law relating to fertilizers, could be assessed a penalty of not more than \$25,000 for each offense. Oversight will not reflect a direct fiscal impact from this provision.

Officials from the **Department of Agriculture, Department of Health and Senior Services, Department of Natural Resources,** and the **Department of Insurance, Financial Institutions and Professional Registration** each assume this provision would not fiscally impact their respective agencies.

§ 281.065 - Commercial Pesticide Applicators:

Officials from the **Department of Agriculture, Department of Health and Senior Services, Department of Natural Resources,** and the **Department of Insurance, Financial Institutions and Professional Registration** each assume this provision would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
COLLEGES & UNIVERSITIES			
<u>Costs - University of Missouri AES</u> §§ 266.301, 266.311, 266.331, 266.336, 266.343, 266.347 - Fertilizer Control Board	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON COLLEGES & UNIVERSITIES	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

§266.343 - Penalties Assessed to a Fertilizer Distributor:

Small business fertilizer distributors could expect to see penalties not exceed \$5,000 per year or the amount of the current value of the plant food deficiency, whichever is greater for a violation; and no more than a \$25,000 penalty if the distributor knowingly violates the provisions in sections 266.291 to 266.351.

§ 281.065 - Commercial Pesticide Applicators:

Direct fiscal impact to small business pesticide applicators could be expected as a result of this proposal.

FISCAL DESCRIPTION

§§ 266.301, 266.311, 266.331, 266.336, 266.343, 266.347 - Fertilizer Control Board:

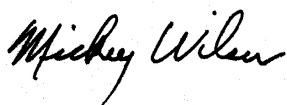
This proposal repeals the advisory council to the Director of the Missouri agriculture experiment station and establishes the Fertilizer Control Board. The Board shall be composed of 13 members, 5 of which shall be nominated by the nonprofit corporation organized under Missouri law to promote the interests of the fertilizer industry, 5 of which shall be nominated by Missouri not-for-profit corporations that represent farmers, and 3 shall be at-large members. The filling of vacancies, the selection of officers, and meeting conduct shall be outlined in the bylaws established by the Board.

The board shall perform certain criteria as set forth in this proposal. Agents of the Fertilizer Control Board are also authorized to perform certain duties as set forth in this proposal. Where a preliminary analysis shows a potential deficiency, the distributor shall be provided notification within 2 business days by phone or email, in addition to a letter delivered by mail. Once the analysis is certified, a certification of the penalties assessed shall be mailed to the distributor liable for the penalty. Under this act, total penalties assessed to a fertilizer distributor shall not exceed \$5,000 per year, or the amount of the current value of the plant food deficiency, whichever is greater. A fertilizer distributor who knowingly violates provisions of law relating to fertilizers shall be assessed a penalty of not more than \$25,000 for each offense.

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

University of Missouri
Office of Administration - Division of Budget and Planning
Department of Natural Resources
Department of Agriculture
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration



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