

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5117-01
Bill No.: Perfected HB 1728
Subject: Agriculture; Agriculture, Department of
Type: Original
Date: February 17, 2016

Bill Summary: This proposal establishes the Fertilizer Control Board to administer and enforce fertilizer sales.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration - Budget and Planning** state the 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. The bill transfers that power to a new board that the bill creates 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.

The current law also establishes how penalties for noncompliance are to be calculated. The bill 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. Budget and Planning defers to the Agriculture Experiment Station for a specific estimate of the bill's fiscal impact.

Officials at the **University of Missouri System - Office of Academic Affairs, Research and Economic Development** assume passage of this legislation would not impact the collection of fertilizer fees, about \$1.25M per annum, by the Director of the Missouri Agricultural Experiment Station (MOAES). It would, however, change the authority for the allocations of these funds from the MOAES Director to a newly established Fertilizer Control Board. Loss of this authority could negatively impact funds the MOAES uses to support the fertilizer inspection service and the MOAES Chemical Lab. Additionally, funds used to underwrite an annual competitive research program to support the fertilizer industry and Missouri's farmers might be impacted.

Loss of this allocation authority could severely impact the ability of the MOAES to meet its inspection and reporting responsibilities under the Agricultural Liming Materials Law (RSMo 266.500 to 255.550).

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

ASSUMPTION (continued)

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 **Department of Natural Resources, Department of Agriculture, and Department of Health and Senior Services** each assume this proposal would not have a fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill transfers the duties of enforcing and administering the laws relating to fertilizers from the Director of the Missouri Agricultural Experiment Station to the newly created Fertilizer Control Board. The board must be composed of 13 members appointed by the Director of the Department of Agriculture from persons nominated by specified nonprofit corporations. Five of the members must be actively employed as fertilizer manufacturers or distributors, five must be actively engaged in the business of farming, and three must be at-large members selected by the department director with the approval of a majority of the other 10 members of the board. The board must meet at least twice annually to conduct the specified duties of the board. Agents of the board are authorized to carry out specified activities in order to fulfill the duties of the board.

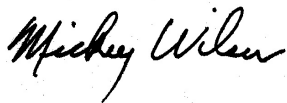
FISCAL DESCRIPTION (continued)

The bill specifies that if a fertilizer is, upon official analysis, proven deficient from its guarantee as stated on the bag or other container, the total penalties assessed upon a fertilizer distributor cannot exceed \$5,000 per year or the amount of the current value of the plant food deficiency, whichever is greater. A distributor who knowingly and with malicious intent violates or attempts to violate the laws relating to fertilizer must be assessed a penalty of up to \$25,000 for each offense. If the preliminary analysis of a fertilizer shows a potential deficiency, the distributor must be notified within two business days by telephone or email in addition to a mailed notification letter.

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
Department of Natural Resources
Office of Secretary of State
Office of Administration - Budget and Planning
Department of Health and Senior Services
University of Missouri



Mickey Wilson, CPA
Director
February 17, 2016

Ross Strobe
Assistant Director
February 17, 2016