

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4442-01
Bill No.: HB 1624
Subject: Agriculture and Animals; Agriculture Dept.
Type: Original
Date: April 19, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</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 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Treasurer's Office, Office of State Courts Administrator, Department of Agriculture and Office of Administration - Division of Accounting** assume no fiscal impact to their agencies.

Officials from the **Office of Secretary of State (SOS)** assume this bill creates the Missouri Grain Indemnity Corporation which will promulgate rules to enact this proposal. These rules will be published in the Missouri Register and Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Agriculture could require as many as 34 pages in the Code of State Regulations. For any given, rule roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. $[(34 \times \$27) + (51 \times \$23) = \$2,091]$

ASSUMPTION (continued)

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. Any decisions to raise fees to defray costs would likely be made in subsequent years.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<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.

DESCRIPTION

This bill establishes the Missouri Grain Indemnity Corporation to reduce the financial loss grain producers would incur due to the failure of a grain dealer or warehouseman. The corporation will be governed by a seven-member board selected by advocacy organizations. The appointment, term, powers, and duties of the board are specified in the bill.

Beginning September 1, 2004, grain dealers buying over 100,000 bushels of grain per year are to register with the corporation and remit a \$100 registration fee. Grain dealers are to collect a variable producer premium and remit monthly the collected premiums to the corporation. The premium amount will be two-tenths of 1% of the price of all grain for which the title transfers in the state for that year. In succeeding years, the premium will vary from zero to three-tenths of 1% as required by the net fund balance amounts.

DESCRIPTION (continued)

The Missouri Grain Indemnity Fund, created by the bill, will be used exclusively for the purposes of the program. If the net fund balance falls below \$2 million, the board will set a producer premium for the following year to restore the fund balance to an appropriate amount. If the net fund balance exceeds \$4 million, the producer premium for the following year will be zero.

The board may enter into financial agreements with lenders and/or issue bonds to satisfy valid producer claims provided that they are to the financial advantage of grain producers.

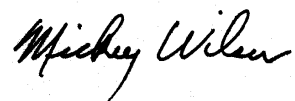
A producer who claims to have a valid storage loss within the previous 18 months due to the failure of a warehouseman will be compensated for 100% of the loss less any producer premium due upon the sale of the grain. A producer who claims to have a valid financial loss due to the failure of a grain dealer will be compensated for 80% of the loss. The Department of Agriculture will determine the loss amount and take appropriate disciplinary action against the failing grain dealer or warehouseman. Repayment of all obligations to the fund by the failed grain dealer or warehouseman does not nullify any other disciplinary actions.

Any person who knowingly does not collect or pay producer premiums is guilty of a class C felony. Any person who knowingly impedes the performance of the duties of the corporation or who knowingly makes false statements to the department or corporation is guilty of a class C felony.

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

State Treasurer's Office
Secretary of State's Office
Office of State Courts Administrator
Office of Administration
Department of Agriculture



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