

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1000-02  
Bill No.: HB 454  
Subject: Agriculture and Animals; Agriculture Dept., Energy  
Type: Original  
Date: February 22, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	\$0	*( \$6,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>*( \$6,000,000)</b>

**\*Subject to Appropriations**

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Missouri Qualified Biodiesel Producer Incentive*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Offsetting revenues and expenditures of \$6,000,000 in FY 2008.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue** assume no fiscal impact to their agencies.

In response to an identical proposal, SCS for SB 147, officials from the **Department of Agriculture** assume based on information available at this time, the earliest anticipated date for biodiesel production is the summer of 2007. Therefore, this fiscal estimate assumes:

- that no eligible biodiesel fuel will be produced in the state until July 2007.
- that only one eligible biodiesel plant will begin production at that time.
- that the plant will produce 30 million gallons of eligible biodiesel annually.

These assumptions lead to the following cost estimates:

- FY 2007 = \$0
- FY 2008 = 15.0 million gallons \* \$0.30 / gallon = \$4,500,000  
 15.0 million gallons \* \$0.10 / gallon = \$1,500,000

Total FY 2008 Cost                      = \$6,000,000

ASSUMPTION (continued)

The fiscal analysis also assumes these costs will be paid from general revenue using a transfer from the general revenue fund to the Missouri Qualified Biodiesel Producer Incentive Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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**GENERAL REVENUE FUND**

<u>Transfers Out</u> - Missouri Qualified Biodiesel Producer Incentive Fund	<u>\$0</u>	<u>\$0</u>	<u>*\$6,000,000</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>*\$6,000,000</u></b>
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**\*Subject to Appropriations**

**MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND**

<u>Transfers In</u> - General Revenue Fund	\$0	\$0	\$6,000,000
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<u>Cost</u> - Incentive Grants for Production	<u>\$0</u>	<u>\$0</u>	<u>(\$6,000,000)</u>
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<b>ESTIMATED NET EFFECT ON MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

Section 142.031(2) defines “qualified biodiesel producer” as a facility that is at least fifty-one percent owned by agricultural producers (i.e. farmers). This legislation is expected to have a positive economic impact on the farmers that become investor-owners of the plant. In addition, soybean farmers that are not investor-owners will benefit from higher soybean prices that will occur as a result of the increased demand for soybeans due to a biodiesel plant. Small businesses in the biodiesel plant’s community will also benefit from the increased economic activity generated by the biodiesel facility.

### DESCRIPTION

This bill removes the requirement that the Missouri Qualified Biodiesel Incentive Fund be funded with moneys other than from general revenue.

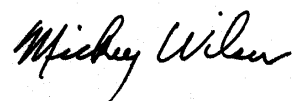
Missouri qualified biodiesel producers are eligible to receive a monthly production incentive grant from the fund for 60 consecutive months. If the producer fails to receive the full grant amount during the 60-month period due to lack of appropriations to the fund, the 60-month eligibility period may be extended for an additional 24 months or until the producer receives the full grant amount.

Qualified biodiesel producers receive grants in an amount equal to 30 cents per gallon for the first 15,000,000 gallons of biodiesel produced in one fiscal year. The bill provides for a 10 cents per gallon grant on the next 15,000,000 gallons produced in the same fiscal year.

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 Revenue



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