

HCS HB 853 -- AGRICULTURE

SPONSOR: Myers (Loehner)

COMMITTEE ACTION: Voted "do pass" by the Committee on Agriculture Policy by a vote of 19 to 3.

This substitute changes the laws regarding agricultural programs in Missouri.

#### FUEL ETHANOL PRODUCER INCENTIVE FUND

The Fuel Ethanol Producer Incentive Fund was created to provide economic incentives for the production of ethanol in Missouri. Qualified ethanol producers receive a monthly incentive grant for 60 consecutive months in an amount determined by the number of gallons of ethanol produced. The substitute extends the current expiration date of the producer incentives from December 31, 2007, to December 31, 2015.

#### BIODIESEL FUEL

The substitute 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 a 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 substitute provides for a 10 cent per-gallon grant on the next 15,000,000 gallons produced in the same fiscal year.

The substitute extends the expiration date of the Biodiesel for Schools Program from the 2005-2006 school year to the 2011-2012 school year. The program allows school districts to establish contracts with nonprofit, farmer-owned new generation cooperatives to supply bus fuel containing at least 20% biodiesel.

#### MOTOR FUEL TAX

The substitute authorizes the ultimate vendor, delivering 100 or more gallons of gasoline to a certified farmer, to make a claim for a refund of the motor fuel tax at the time of delivery. This provision has an effective date of January 1, 2006.

## SALES AND USE TAX

The substitute exempts from state and local sales and use taxes natural gas, propane, and electricity used by an eligible new generation cooperative or an eligible new generation processing entity and field drain tile used exclusively for producing crops, raising and feeding livestock, fish, poultry, pheasants, chukar, quail, or for producing milk for retail sale.

## FOOD INSPECTIONS

The substitute exempts certain food sales from food inspection laws. All foods which are not potentially hazardous foods made by religious, charitable, or nonprofit organizations for sale at their religious or charitable events will be exempt from the state food inspection laws.

Sellers of jams, jellies, and honey will be exempt from specified production requirements as long as they do not sell more than \$30,000 worth of jams, jellies, and honey per domicile, per year. These sellers also will be exempt from all other health standards pursuant to Sections 196.190 - 196.271, RSMo, as long as the following requirements are met:

- (1) The jams, jellies, and honey must be manufactured in the domicile of the person processing and selling them;
- (2) The jams, jellies, and honey must be labeled in legible English with certain information;
- (3) A placard must be displayed in a prominent location stating that the product has not been inspected by the Department of Health and Senior Services; and
- (4) A record of jams, jellies, and honey processed and sold must be maintained.

Anyone who violates these provisions may be issued an injunction from selling jams, jellies, and honey by the department.

## DRAINAGE AND LEVEE DISTRICTS

The substitute gives any drainage district, levee district, or drainage and levee district two years after the lapse of the corporate charter to reinstate and extend the time of its corporate existence through the circuit court having jurisdiction.

This provision of the substitute has an emergency clause.

## MISSOURI WINE AND GRAPE BOARD

The substitute establishes the Missouri Wine and Grape Board to

promote the growth and development of the grape-growing industry in Missouri. The 11-member board will consist of seven current members of the Missouri Wine and Grape Advisory Board and four ex officio members, including the president of the Missouri Grape Growers Association, the president of the Missouri Vintners Association, the president of the Missouri Wine Marketing and Research Council, and the Director of the Department of Agriculture. All board members including the ex officio members will be voting members. The appointment, terms, meeting requirements, powers, and duties of the board are specified in the substitute. An executive director will be hired to administer, manage, and direct the affairs of the board.

The Missouri Wine and Grape Fund is created for the deposit of moneys that currently are credited to the Marketing Development Fund. The moneys in the fund will be used exclusively for programs for the growing, selling, and marketing of grapes and grape products in Missouri.

#### PESTICIDES

The substitute authorizes the University of Missouri Extension to collect a fee for the actual cost of providing an instructional course on the application of pesticides to a private applicator in order to qualify for a certified private applicator's license. The fee will be paid upon completion of the course. The costs associated with the course will be reviewed annually by the Director of the Department of Agriculture and the university.

#### TAX CREDIT WAITING PERIOD

The substitute removes the two-year waiting period before a contributor receiving a tax credit for a cash contribution to the Agricultural and Small Business Development Authority can be an owner, member, investor, or lender of an eligible new generation cooperative or eligible new generation processing entity that receives financial assistance from the authority.

FISCAL NOTE: Estimated Effect on General Revenue Fund of an Income of \$0 to a Cost of \$1,042,314 in FY 2006, an Income of \$0 to a Cost of \$1,084,007 in FY 2007, and a Cost of \$7,127,367 in FY 2008. Subject to Appropriations. No impact on Other State Funds in FY 2006, FY 2007, and FY 2008.

PROPOSERS: Supporters say that the Fuel Ethanol Incentive Fund has led to over 1,500 Missouri farm families investing over \$150 million in new infrastructure development. Extension of the fund will allow 300 million gallons of ethanol, roughly 10% of the state's fuel consumption, to be produced in Missouri annually.

Testifying for the bill were Representative Sander; and Missouri Corn Growers Association.

OPPONENTS: There was no opposition voiced to the committee.

Roland Tackett, Legislative Analyst