

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4917-01  
Bill No.: HB 1650  
Subject: Agriculture and Animals; Agriculture Dept.  
Type: Original  
Date: April 10, 2006

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue		\$0 to (\$311,220)	\$0 to (\$384,668)
<b>Total Estimated Net Effect on General Revenue Fund*</b>	<b>\$0</b>	<b>\$0 to (\$311,220)</b>	<b>\$0 to (\$384,668)</b>

**\* Subject to Appropriations**

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials from the **State Treasurer's Office** assume there will be no fiscal impact to their agency. This proposal requires the Missouri Agricultural Small Business Development Authority to pay for the first year of charged interest for any applicable Missouri linked deposit loan. Applicable loans are those that are used solely for the acquisition of dairy cows and other replacement dairy females.

Officials from the **Department of Agriculture** assume this proposal will help make dairying more profitable and will help move Missouri away from being a milk deficit state.

There are approximately 114,000 dairy cows in the state. The state average for culling cows from a herd is 28%. University of Missouri Commercial Ag Dairy Economists estimate that of the replacement animals going back into the herd about 10% are actually purchased, the other 90% are raised on the farm. Currently good replacement animals are selling for \$2,000 - \$2,300 per head. Assuming a 7% interest rate and a 30% participation rate by dairy farmers.

$$114,000 \times 28\% \times 10\% \times \$2,000 \times 7\% \times 30\% = \$134,064$$

ASSUMPTION (continued)

Assuming that Missouri will see a 5% increase in new dairies and expansions:

$$114,000 \times 5\% \times \$2,000 \times 7\% \times 30\% = \$239,400$$

$$\text{Total } \$134,064 + \$239,400 = \$373,464$$

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>GENERAL REVENUE</b>			
<u>Cost - Program Specific Dollars, Interest payments (MASBDA)*</u>	<u>\$0</u>	<u>\$0 to (\$311,220)</u>	<u>\$0 to (\$384,668)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE*</b>	<u><b>\$0</b></u>	<u><b>\$ 0 to (\$311,220)</b></u>	<u><b>\$0 to (\$384,668)</b></u>

**\* Subject to Appropriations**

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

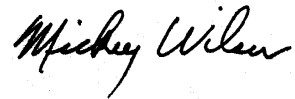
This bill requires the Agricultural and Small Business Development Authority to pay, subject to appropriation, the first full year of interest charged on a loan for the purchase of dairy cows for a Missouri-based and -owned dairy operation. The loan must be obtained in accordance with the provisions of the Agribusiness Linked Deposit Program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Agriculture  
State Treasurer's Office

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 10, 2006