

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2494-02
Bill No.: HCS for HB 1002
Subject: Agriculture and Animals; Agriculture Dept.; Motor Fuel
Type: Original
Date: March 23, 2007

Bill Summary: Modifies the requirements for economic subsidies to Missouri qualified biodiesel producers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Natural Resources** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Agriculture (AGR)** state the proposal will require the AGR to process additional biodiesel license and grant applications, as well as audit additional facilities for compliance with state statutes and regulations pertaining to the biodiesel producer incentive fund. The AGR assumes it will be able to accomplish this with current staff and the 2.0 additional audit staff included in its FY 08 budget request.

The following table shows the assumptions used for the four (4) biodiesel plants that will likely be affected by the removal of the requirement that feedstock be either produced or processed in Missouri. Statutory payment rates are utilized (i.e. 30 cents/gal. on the first 15 MG and 10 cents/gal on the next 15 MG). Although all of the annual production is included in the calculations for Dexter, Lilbourn, and Holland, only one-half of the maximum annual production at the Rock Port plant is expected to be sourced from outside the state.

Plant	Production	Max. Annual	FY 2008	FY 2009	FY 2010
<u>Location</u>	<u>Start Date</u>	<u>Production</u>	<u>Payments</u>	<u>Payments</u>	<u>Payments</u>
Dexter	3/15/07	3,000,000 gals.	\$900,000	\$900,000	\$900,000
Lilbourn	1/1/08	5,000,000 gals.	\$750,000	\$1,500,000	\$1,500,000
Holland	1/1/08	5,000,000 gals.	\$750,000	\$1,500,000	\$1,500,000
Rock Port	9/1/08	30,000,000 gals.	\$0	\$1,250,000	\$1,500,000
Payment Totals			\$2,400,000	\$5,150,000	\$5,400,000

However, since funding for these four plants is already included in AGR's FY 08 budget request, the AGR does not anticipate a need for any additional funding.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS 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 SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal is expected to stimulate economic growth among small businesses, including farmers, in the areas in which the biodiesel plants are located.

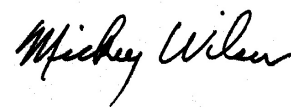
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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



Mickey Wilson, CPA

L.R. No. 2494-02
Bill No. HCS for HB 1002
Page 5 of 5
March 23, 2007

Director
March 23, 2007

HWC:LR:OD (12/02)