COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0772S.04S
Bill No.: CCS for SB 37
Subject: Department of Agriculture; Air Quality; Boards, Commissions, Committees, and Councils; Environmental Protection; Department of Natural Resources
Type: Original
Date: May 14, 2021

Bill Summary: This proposal modifies provisions relating to agriculture.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
General Revenue	More or less than ($4,082,682 to $9,342,682)	More or less than ($28,705,313 to $38,143,000)	More or less than ($28,705,313 to $38,143,000)	More or less than ($28,705,313 to $38,143,000)
Total Estimated Net Effect on General Revenue	**More or less than ($4,082,682 to $9,342,682)**	**More or less than ($28,705,313 to $38,143,000)**	**More or less than ($28,705,313 to $38,143,000)**	**More or less than ($28,705,313 to $38,143,000)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
Agriculture Protection Fund	$0	$0	$57,875	$160,810
Colleges and Universities	$0	$0	$200,000	$400,000
Natural Resources Protection Fund - Anhydrous Ammonia Risk Management Plan Subaccount	Could exceed $68,751	Could exceed $115,665	Could exceed $113,784	Could exceed $111,631
Total Estimated Net Effect on Other State Funds	**Could exceed $68,751**	**Could exceed $115,665**	**Could exceed $371,659**	**Could exceed $672,441**

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
Total Estimated Net Effect on <u>All</u> Federal Funds	**$0**	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
Agriculture Protection Fund	0 FTE	0 FTE	1 FTE	1 FTE
Natural Resources Protection Fund - Anhydrous Ammonia Risk Management Plan Subaccount	3 FTE	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	**3 FTE**	**3 FTE**	**4 FTE**	**4 FTE**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☒ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
Local Government	**$0**	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§§643.050, 643.079, 643.245 – Anhydrous Ammonia Provisions

In response to a previous version, officials at the **Department of Natural Resources (DNR)** assumed the following regarding this proposal:

The proposed legislation would cost the Department approximately $300,000 in staff time and workload. After consulting with the State of North Dakota (the only state agency that currently does this activity at the state level), the Department is basing work load on inspections of regulated facilities once every 4-5 years. Estimate of work with estimate of hours per year - Total 5,500:

50 inspections - 800 hours
50 compliance assistance visits - 250 hours
50 plan reviews - 400 hours
Data management - 500 hours
Compliance and enforcement - 500 hours
Program management - 250 hours
Rule development and request to EPA for delegation (first year only) - 500 hours
Registration and fee collection - 800 hours
Clerical and administrative duties - 1,500 hours

Based on the estimate above, the Department would need 3 additional FTE to accomplish this work.

1 Professional Engineer - $58,080
1 Environmental Program Analyst - $38,472

1 Lead Administrative Support Assistant - $29,808

Environmental Program Analyst - This position would conduct the inspections, maintain the database and assist the public in complying with this regulation. In addition, this position would handle any relevant enforcement work that arose from this activity. The Department may choose to split this work among several different staff, 3/4 FTE performing inspections in 3 different areas of the state and the balance in the central office.

Professional Engineer - This position would include planning and support for the database and guidance/direction regarding enforcement cases. In addition, this position would be involved in ensuring the processing of licenses and fees is conducted in an appropriate fashion, and to resolve any issues that arise with licenses or fees.

Lead Administrative Support Assistant - This position would provide general support including processing reports, general correspondence, etc. In addition, this position could be responsible for processing licenses and fees.

Currently, the authority for enforcing the federal anhydrous ammonia regulations lies with the Environmental Protection Agency (EPA). The Department has spoken with EPA Region VII about requesting delegation, and they are open to that but the Department would still need to officially request and receive delegation for this work.

The Department of Natural Resources would need a new database to track the facilities, track the Risk Management Plans, store emergency contact information and track third party compliance evaluations and accidental releases. The database would also have to store compliance, enforcement, registration and licensing data. The ITSD estimate for this new database is 500 hours of work resulting in an estimate of **$20,000**.

Oversight does not have any information to the contrary in regards to DNR's assumptions; therefore, Oversight will reflect DNR's costs for 3 additional FTE and OA-ITSD services on the fiscal note.

<u>Revenue Impact</u>

DNR noted the Missouri Department of Agriculture estimates 203 facilities would be required to pay the $200 annual registration fee increasing the annual revenue by **$40,600**.

Average annual tonnage estimates provided by the Missouri Fertilizer Program (March 2020) are 230,813 tons anhydrous ammonia sales. This would increase the annual revenue by **$288,516**.

"Distributor" or "terminal agricultural facility" is not defined, therefore, it is not possible for the Department to estimate the amount of revenue the $5,000 registration fee would generate

Oversight does not have any information to the contrary in regards to DNR's assumptions; therefore, Oversight will reflect DNR's estimated revenue on the fiscal note for the 203 estimated facilities that will pay the $200 annual registration fee. Oversight will reflect an increase of $288,516 in revenue for the tonnage fees. In addition, Oversight will reflect a $0 (there are no distributors or terminal agricultural facilities in Missouri) or an "Unknown" increase in revenue (there are distributors or terminal agricultural facilities in Missouri that will have to pay the $5,000 annual registration fee).

In response to a previous version, officials from the **Department of Agriculture** and **Office of the State Treasurer** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

§135.755 – Ethanol Tax Credit

In response to a similar proposal from 2021 (SS for SCS for HCS for HB 529), officials from the **Office of Administration - Budget and Planning (B&P)** assumed the following regarding this proposal:

Section 135.755

This would create a tax credit for all tax years beginning on or after January 1, 2022 for a retail dealer that sells higher ethanol blend at such retail dealer's retail service station. The amount of the credit shall equal five cents per gallon of higher ethanol blend sold by the retail dealer and dispensed through metered pumps at the retail dealer's retail service station during the tax year in which the tax credit is claimed. These credits shall not be transferred, sold, or assigned. The credit is not refundable but may be carried forward to any of the five subsequent tax years. So in any given fiscal year, the amount redeemed may exceed the cap. The authorizations of the credit is capped at $4M for any given fiscal year.

This could decrease TSR and GR in an amount up to $4M beginning in FY 2023 and could impact the calculation under Article X, Section 18(e).

In response to a similar proposal from 2021 (SS for SCS for HCS for HB 529), officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

Section 135.755 Ethanol Fuel Tax Credit

Starting January 1, 2022, a taxpayer that is a retail dealer that sells higher ethanol blend at their service station can claim a tax credit equal to five cents per gallon on the higher ethanol blend sold. This proposal requires that the higher ethanol blend be more than 15% but less than 85% ethanol. This is the ratio of the ethanol sold generally as E85 fuel.

The U.S. Energy Information Administration reported that in 2018 (the most recent complete year of data) that Missouri consumed 26.5 trillion btu of ethanol. At a conversion rate of 120,286 btu per gallon, it is estimated that Missouri used 212,826,098 gallons of fuel. This tax credit is five cents per gallon which could generate $10,641,305 in tax.

Another report by the U.S. Energy Information Administration reported that in 2018 Missouri used 306.6 million gallons of E85 gasoline. At the five cents per gallon, it could generate $15,330,000.

This version of the proposal has placed a $4 million cap on the tax credit. Therefore, it is expected to reach the cap annually based on current consumption. This tax credit would be filed on the returns starting January 2023.

Administrative impact
The Department does not currently collect information on the amount of gallons of ethanol sold at the retail level. The Department would need to create a form and make changes to the existing tax credit form for taxpayers to claim this tax credit. This would require form and computer changes of at least $2,000.

This is a new credit, primarily for business entities (corporations, maybe partnerships and S corporations and their members):

- 1 Associate Customer Service Rep. for every 6,000 credits redeemed
- 1 Associate Customer Service Rep for every 7,600 errors/correspondence generated

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Oversight notes the tax credit created if for all tax years beginning on or after January 1, 2022. Oversight notes taxpayers will not filed their Tax Year 2022 tax returns until after January 1, 2023 (Fiscal Year 2023).

Oversight notes the actual and overall impact of this proposed legislation is unknown. For purposes of this fiscal note, Oversight will report a revenue reduction to GR equal to $4 million.

Oversight notes the tax credit created would automatically sunset on December 31, 2027 unless reauthorized by the General Assembly.

§135.775 – Biodiesel Tax Credit

In response to a similar proposal from 2021 (SS for SCS for HCS for HB 529), officials from the **Office of Administration - Budget and Planning (B&P)** assumed the following regarding this proposal:

Section 135.775
This would create a tax credit for all tax years beginning on or after January 1, 2022 for a retail dealer that sells a biodiesel blend at a retail service station. The amount of the credit shall equal two cents per gallon of biodiesel blend of at least five percent but not more than ten percent or five cents per gallon of biodiesel blend in excess of ten percent sold.
Credits shall not be transferred, sold, or assigned. The credit is refundable. The credit is capped at $20M and has a sunset date of December 31, 2027.

This could decrease TSR and GR in an amount up to $20M beginning in FY 2023 and could impact the calculation under Article X, Section 18(e).

Oversight notes Senate Amendment 2 of the Senate Substitute capped the amount of the tax credit at $16 million.

In response to a similar proposal from 2021 (SS for SCS for HCS for HB 529), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Section 135.775 Biodiesel Fuel Tax Credit
This proposal creates a new tax credit for seller of biodiesel fuel. To qualify as biodiesel fuel it must be a blend of diesel and biodiesel between 5% and 20% for on-road and off-road diesel-fuel vehicle use. Starting January 1, 2022, this creates a tax credit equal to two cents per gallon on biodiesel blend of 5% but no more than 10% mix or five cents per gallon sold on a biodiesel blend in excess of 10%. The credit is refundable but cannot be sold, transferred or assigned.

The U.S. Energy Information Administration reported that in 2018 (the most recent complete year of data) that Missouri consumed 4.7 trillion btu of ethanol. At a conversion rate of 120,286 btu per gallon, it is estimated that Missouri used 39,073,541 gallons of fuel. It should be noted this information does not indicate the percent of mix of the fuel.

For fiscal note purposes they assume that all of it would qualify for the five cents per gallon credit. It is estimated at five cents per gallon it could generate $1,953,677 in tax.

This proposal has a $20 million annual cap on the tax credit. This tax credit would be filed on the returns starting January 2023. This proposal requires that the credit be apportioned equally amongst all filers should the amount of credits claimed exceed the cap. The Department estimates this will result in a loss to general revenue of $1.9 million to $20 million annually.

Administrative impact

The Department does not currently collect information on the amount of gallons of biodiesel sold at the retail level. The Department would need to create a form and make changes to the existing tax credit form for taxpayers to claim this tax credit. This would require form and computer changes of at least $2,000.

This is a new credit, primarily for business entities (corporations, maybe partnerships and S corporations and their members):

- 1 Associate Customer Service Rep. for every 6,000 credits redeemed
- 1 Associate Customer Service Rep for every 7,600 errors/correspondence generated

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs DOR could request funding through the appropriation process.

Oversight notes Senate Amendment 2 of the Senate Substitute capped the amount of the tax credit at $16 million.

In response to a similar proposal from 2021 (SS for SCS for HCS for HB 529), officials from the **University of Missouri – Economic and Policy Analysis Research Center** assumed the following regarding this proposal:

If enacted, this bill would "establish a tax credit for the sale of biodiesel fuel in the state of Missouri." Specifically, "For all tax years beginning on or after January 1, 25 2022, a retail dealer that sells a biodiesel blend at a retail service station shall be allowed a tax credit to be taken against the retail dealer's state income tax liability. The amount of the tax credit shall be as follows: (1) Two cents per gallon of biodiesel blend of at least five percent but not more than ten percent sold by a retail dealer at a retail service station during the tax year for which the tax credit is claimed; or (2) Five cents per gallon of biodiesel blend in excess of ten percent sold by a retail dealer at a retail service station during the tax year for which the tax credit is claimed." "The total amount of tax credits authorized pursuant to this section for any given fiscal year shall not exceed twenty million dollars."

As stated before, biodiesel consumption by state is unavailable for Missouri among common energy data resources, therefore they are unable to provide a precise impact estimate for this bill. The maximum impact this bill will have is equivalent to the annual credit cap of $20 million, annually.

Oversight notes Senate Amendment 2 of the Senate Substitute capped the amount of the tax credit at $16 million.

In response to a similar proposal from 2021 (SS for SCS for HCS for HB 529), officials from the **Missouri Department of Agriculture** and **State Tax Commission** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight notes, according to the Missouri Department of Natural Resources - Division of Energy, as of April 2020 there are five commercial biodiesel production facilities in Missouri.

Company	**City**	**Feedstock**	**Nameplate Capacity (MMGY)**
Ag Processing Inc.	St. Joseph	Soy oil	30
ADM	Deerfield	Soy oil	50
Mid-America Biofuels LLC	Mexico	Soy oil	50
Paseo Cargill Energy LLC	Kansas City	Soy oil	56
Seaboard Energy	St. Joseph	Animal fats/Corn oil	30
Total			216

*Lakeview Energy in Moberly and TARA Industries in Tina are currently shuttered from production. Production could resume in the future.

Oversight notes the tax credit created is for all tax years beginning on or after January 1, 2022. Oversight notes taxpayers will not filed their Tax Year 2022 tax returns until after January 1, 2023 (Fiscal Year 2023). Oversight notes 216,000,000 gallons x $0.02 = $4,320,000 ($10.8 million for $0.05).

Oversight notes the tax credit created would automatically sunset on December 31, 2027 unless reauthorized by the General Assembly.

Oversight notes, for all tax years beginning on or after January 1, 2022, a retailer that sells a biodiesel blend at a retail service station is allowed a tax credit to be taken against the retail dealer's state income tax liability. The tax credit shall be equal to two cents ($0.02) for biodiesel blend of 5% - 10% and five cents ($0.05) per gallon of biodiesel blend in excess of 10% during the tax year in which the tax credit is claimed. The tax credits authorized shall not be transferred, sold, or assigned. The tax credits authorized shall be refundable. The total amount of tax credits authorized for any given fiscal year <u>shall not exceed $16 million</u>.

<u>§135.305 – Wood Energy Producer Tax Credit</u>

In response to a similar proposal from 2021 (SB 127), officials from the **Missouri Department of Revenue (DOR)** stated the Wood Energy Tax Credit has a $6 million annual cap that is subject to appropriations. The legislature appropriated $1 million in Fiscal Year 2018 and Fiscal

Year 2019. For Fiscal Year 2020, the legislature appropriated $1.5 million. The legislature appropriated $740,000 for Fiscal Year 2021.

DOR notes this tax credit does not currently allow authorization of additional credits after June 30, 2020 (Fiscal Year 2021). This proposed legislation would extend the sunset on the tax credit until June 30, 2027.

DOR does not anticipate this proposed legislation will have a fiscal impact on their organization.

In response to a similar proposal from 2021 (SB 127), officials from the **Missouri Department of Natural Resources** and the **Office of Administration – Budget & Planning Division** do not anticipate this proposed legislation will cause a fiscal impact on their respective organizations.

Oversight's policy is to show the extension of the tax credit in the fiscal note. Oversight will show the revenue reduction to General Revenue beginning in Fiscal Year 2022.

Oversight notes this proposed legislation extends the end date for the Wood Energy Tax Credit authorized under Section(s) 135.300 to 135.311 from June 30, 2020 to June 30, 2027. The issuance of the Wood Energy Tax Credit is subject to appropriation by the General Assembly and has a cap of $6 million for each fiscal year. Oversight provides the following appropriations previously made by the General Assembly for the Wood Energy Tax Credit:

Fiscal Year	Appropriation
2021	$740,000 (HB 2006 6.350)
2020	$1.5 million (HB 6)
2019	$1.0 million (HB 2007)
2018	$1.0 million (HB 7)

Oversight notes, per the Tax Credit Analysis submitted to Oversight by the Department of Natural Resources, the Wood Energy Tax Credit had the following activity:

Wood Energy Tax Credit	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 (year to date)	FY 2021 (Full Year - est.)	FY 2022 (Budget Year - est.)
Certificates Issued (#)	7	9	8	*0*	6	0
Projects/Participants (#)	7	9	8	*0*	6	0
Amount Authorized	$970,000	$678,887	$1,455,000	*$0*	$740,000	$0
Amount Issued	$970,000	$678,887	$1,455,000	*$0*	$740,000	$0
Amount Redeemed	$891,087	$789,077	$1,105,678	*$0*	$717,800	$717,800

Oversight's policy is to show the extension of the tax credit program in the fiscal note. Oversight will show the revenue reduction to TSR and GR for Fiscal Year(s) beginning in Fiscal Year 2022.

Since the cap for the Wood Energy Tax Credit is $6 million annually (subject to appropriation), for purposes of this fiscal note, Oversight will report the extension of the tax credit as a continuation of the current appropriation level ($740,000 – HB 2006 - 2020) up to the $6 million cap.

§135.686 – Meat Processing Facility Investment Tax Credit Act

In response to a similar proposal from 2021 (SB 355), officials from the **Missouri Department of Revenue (DOR)** stated this proposed legislation would extend the ability of a taxpayer to claim a tax credit for meat processing modernization or expansion related to the taxpayer's meat processing facility from December 31, 2021 to December 21, 2027. The Meat Processing Facility Tax Credit shares a $2 million annual cap with the Qualified Beef Tax Credit.

For informational purposes, DOR provides the following information on the amount of credits issued and redeemed since this credit began in 2018.

Fiscal Year	Authorized	Issued	Total Redeemed
FY 2020	$1,171,805.57	$1,162,452.67	$380,371.14
FY 2019	$627,807.59	$552,807.59	$214,777.94
FY 2018	$286,781.89	$286,781.89	$5,561.00
TOTALS	$2,086,395.05	$2,002,042.15	$600,710.08

DOR assumes this proposed legislation will not have any further fiscal impact on DOR or General Revenue (GR) as a result of the extended expiration date.

Oversight notes, currently, for all tax years beginning on or after January 1, 2017, but ending on or before December 31, 2021, a taxpayer shall be allowed a tax credit for meat processing modernization or expansion as it relates to the taxpayer's meat processing facility.

This proposed legislation modifies the "end date" of this tax credit program by extending it to all tax years beginning on or after January 1, 2017, and ending on or before December 31, 2027.

Oversight notes the Meat Processing Facility Investment Tax Credit and the Qualified Beef Tax Credit have a shared cap of two million dollars ($2,000,000). The Meat Processing Facility Investment Tax Credits and the Qualified Beef Tax Credits are issued on an as-received application basis until the calendar year limit ($2,000,000) is reached.

Oversight's policy is to show the extension of the tax credit program in the fiscal note. Oversight notes the current end date for the Meat Processing Facility Investment Tax Credit is December 31, 2021. Oversight notes this proposed legislation extends the end date to December 31, 2027. Oversight notes that taxpayers who are awarded the Meat Processing Facility Investment Tax Credit in Tax Year 2022 will not file their tax returns claiming the tax credit until after January 1, 2023 (Fiscal Year 2023). Therefore, Oversight will report the impact as a result of extending the end date of this tax credit program beginning in Fiscal Year 2023.
Oversight notes, per the most recent Tax Credit Analysis received from the Missouri Department of Agriculture, the Meat Processing Facility Investment Tax Credit recognized the following activity:

Meat Processing Facility Investment Tax Credit					
Fiscal Year	**2018**	**2019**	**2020**	**2021 (Year To Date)**	**2022 (Budget Year)**
Certificates Issued (#)	6	6	21	0	0
Projects/Participants (#)	6	6	22	0	0
Amount Authorized	$286,782	$627,808	$1,171,806	$0	$0
Amount Issued	$286,782	$552,808	$1,162,453	$0	$0
Amount Redeemed	$5,561	$214,778	$380,371	$31,602	$0

Oversight notes the three (3) year average (Fiscal Year(s) 2018 – 2020) amount of Meat Processing Facility Investment Tax Credits issued equals $667,348.

For purposes of this fiscal note, since the Meat Processing Facility Investment Tax Credit shares a cumulative tax credit cap with the Qualified Beef Tax Credit, Oversight will provide the program activity for the Qualified Beef Tax Credit.

Oversight notes, per the most recent Tax Credit Analysis received from the Missouri Department of Agriculture, the Qualified Beef Tax Credit recognized the following activity:

Qualified Beef Tax Credit					
Fiscal Year	**2018**	**2019**	**2020**	**2021 (Year To Date)**	**2022 (Budget Year)**
Certificates Issued (#)	6	7	0	0	0
Projects/Participants (#)	6	7	0	0	0
Amount Authorized	$35,627	$64,535	$0	$0	$0
Amount Issued	$35,627	$64,535	$0	$0	$0
Amount Redeemed	$67,304	$59,694	$50,927	$2,120	$0

Oversight notes the three (3) year average (Fiscal Year(s) 2018 – 2020) amount of Qualified Beef Tax Credits issued equals $33,387.

Oversight notes, the **combined** three (3) year average amount of tax credits issued (Meat Processing Facility Investment Tax Credit and Qualified Beef Tax Credit) equals $700,735.

Oversight notes the <u>shared</u> cumulative cap for these tax credit programs is two million dollars ($2,000,000). Oversight assumes, when taking into consideration the three (3) year average amount of Qualified Beef Tax Credits issued ($33,387), that $1,966,613 would be available to be issued to the Meat Processing Facility Investment Tax Credit program.

<u>However</u>, Oversight notes, the Qualified Beef Tax Credit program is currently scheduled to end December 31, 2021. Therefore, should this proposed legislation be signed into law and the Qualified Beef Tax Credit end, the total amount of tax credits available to be issued under the Meat Processing Facility Investment Tax Credit program would be the full cap of $2,000,000.

Therefore, for purposes of this fiscal note, Oversight will report the extension of this tax credit as a <u>reduction</u> to GR by an amount "up to" $667,348 (the three (3) year average amount of Meat Processing Facility Investment Tax Credits issued) to $2,000,000 (the total amount available for Meat Processing Facility Tax Credit program if Qualified Beef Tax Credit program ends), beginning in Fiscal Year 2023.

In response to a similar proposal from 2021 (SB 355), officials from the **Office of Administration – Budget & Planning Division** and the **Missouri Department of Agriculture** did not anticipate this proposed legislation would result in a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

<u>§348.436 - Agricultural Product Utilization Contributor Tax Credit Program and New Generation Cooperative Incentive Tax Credit Program</u>

In response to a similar proposal from 2021 (SCS for HB 948), officials from the **DOR** stated this section extends the Agricultural Product Utilization Contributor Tax Credit program and the New Generation Cooperative Incentive Tax Credit program from December 31, 2021 to December 31, 2027. These credits **share** a $6 million annual cap.

For information purposes, DOR shows the issuance and redemption of these credits over the last nine (9) years. These credits began in 1999.

Agricultural Product Utilization Credit

Fiscal Year	Authorized	Issued	Total Redeemed
FY 2020	$5,705,000.00	$182,377.36	
FY 2019	$195,000.00	$168,988.98	$2,278,431.86
FY 2018	$4,068,190.27	$4,048,690.27	$2,785,905.52
FY 2017	$3,247,845.84	$2,908,334.26	$2,638,868.14
FY 2016	$2,513,350.09	$2,513,350.09	$1,553,332.97
FY 2015	$2,376,167.67	$2,376,167.67	$1,051,661.96
FY 2014	$1,573,719.77	$1,573,719.77	$2,022,953.37
FY 2013	$1,062,510.26	$1,062,510.26	$1,267,239.12
FY 2012	$2,479,356.45	$2,479,356.45	$1,468,155.74
TOTALS	**$23,221,140.35**	**$17,313,495.11**	**$15,066,548.68**

New Generation Cooperative Credit

Fiscal Year	Authorized	Issued	Total Redeemed
FY 2020	$1,500,000.00	$360,000.00	$467,167.83
FY 2019	$3,153,843.50	$0.00	$839,615.09
FY 2018	$2,011,156.50	$1,931,717.01	$1,431,010.11
FY 2017	$1,873,475.00	$2,383,129.06	$2,093,123.93
FY 2016	$1,481,529.00	$1,278,144.64	$1,730,341.67
FY 2015	$7,938,220.00	$2,112,545.32	$2,842,869.70
FY 2014	$4,267,500.00	$4,426,280.23	$4,747,229.63
FY 2013	$5,612,982.00	$4,937,489.74	$2,100,091.11
FY 2012	-$652,500.00	$2,023,500.00	$826,952.82
TOTALS	$27,186,206.00	$19,452,806.00	$17,078,401.89

DOR does not anticipate this section will cause any further fiscal impact on DOR or General Revenue (GR) as a result of the extended expiration date.

Oversight notes this section extends the expiration date for the Agricultural Product Utilization Contributor Tax Credit, as authorized under Section 348.430 and the New Generation Cooperative Incentive Tax Credit, as authorized under Section 348.432.

Oversight further notes, the aggregate amount of tax credits issued per fiscal year under Section(s) 348.430 and 348.432 shall not exceed six million dollars ($6,000,000). In May of each year, the Missouri Agricultural and Small Business Development Authority determines whether six million dollars ($6,000,000) will be utilized as New Generation Cooperative Incentive Tax Credits or not. The amount of New Generation Cooperative Incentive Tax Credit(s) that are determined to be unused may be sold as Agricultural Product Utilization Contributor Tax Credits.

Oversight's policy is to show the extension of the tax credit program(s) in the fiscal note. Oversight notes the current expiration date for the Agricultural Utilization Product Contributor Tax Credit and the New Generation Cooperative Incentive Tax Credit is December 31, 2021. Oversight notes this section extends the expiration date to December 31, 2027. Oversight notes that taxpayers who are awarded the Agricultural Product Utilization Contributor Tax Credit or the New Generation Cooperative Incentive Tax Credit in Tax Year 2022 will not file their tax returns claiming the tax credit until after January 1, 2023 (Fiscal Year 2023). Therefore, Oversight will report the impact as a result of extending the end date of this tax credit program beginning in Fiscal Year 2023.

Oversight notes, per the Tax Credit Analyses received from the Missouri Department of Agriculture for Fiscal Year(s) 2016 - 2020, the Agricultural Product Utilization Contributor Tax Credit recognized the following activity:

Agricultural Product Utilization Contributor Tax Credit							
Fiscal Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021 (Year To Date)**	**2022 (Budget Year)**
Certificates Issued (#)	115	156	91	11	6	0	0
Projects/Participants (#)	12	13	14	23	9	0	0
Amount Authorized	$2,513,350	$3,247,846	$4,068,190	$195,000	$190,000	$0	$0
Amount Issued	$2,513,350	$2,908,334	$4,048,690	$168,989	$182,377	$0	$0
Amount Redeemed	$1,553,333	$2,638,686	$2,785,906	$2,278,432	$2,713,523	$0	$0

Oversight notes the five (5) year average (Fiscal Year(s) 2016 – 2020) amount of Agricultural Product Utilization Contributor Tax Credit(s) issued equals $1,964,348.

Oversight notes, per the Tax Credit Analyses received from the Missouri Department of Agriculture for Fiscal Year(s) 2016 - 2020, the New Generation Cooperative Incentive Tax Credit recognized the following activity:

New Generation Cooperative Incentive Tax Credit							
Fiscal Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021 (Year To Date)**	**2022 (Budget Year)**
Certificates Issued (#)	571	483	1076	0	24	0	0
Projects/Participants (#)	5	5	3	3	1	0	0
Amount Authorized	$2,156,529	$1,873,475	$2,011,157	$3,153,844	$1,500,000	$3,000,000	$0
Amount Issued	$1,278,145	$2,383,129	$1,931,810	$0	$360,000	$0	$0
Amount Redeemed	$1,730,342	$2,093,124	$1,431,010	$840,615	$467,168	$14,508	$0

Oversight notes the five (5) year average (Fiscal Year(s) 2016 – 2020) amount of New Generation Cooperative Incentive Tax Credit(s) issued equals $1,190,617.

Therefore, for purposes of this fiscal note, **Oversight** will report the extension of these tax credits as a revenue <u>reduction</u> to GR equal to an amount "up to" $3,154,965 (the combined five (5) year average amount of tax credits issued ($1,964,348 + $1,190,617)) to the shared cap of $6,000,000, beginning in Fiscal Year 2023.

In response to a similar proposal from 2021 (SCS for HB 948), officials from the **Missouri Department of Commerce and Insurance (DCI)** anticipated a potential unknown decrease of premium tax revenues (up to the tax credit limit established in the bill) as a result of the extension of the Agricultural Production tax credit. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year and which insurers will qualify for the tax credit.

In response to a similar proposal from 2021 (SCS for HB 948), officials from the **Office of Administration - Budget and Planning** stated this section extends the Agricultural Business Development Loan Program from 2021 to 2027. This section will not impact TSR or the calculation under Article X, Section 18(e).

In response to a similar proposal from 2021 (SCS for HB 948), officials from the **Missouri Department of Agriculture** do not anticipate this section will cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this organization.

<u>§348.500 – Family Farms Act</u>

In response to a similar proposal from 2021 (HB 645), officials from the **Missouri Department of Agriculture** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to a similar proposal from 2021 (HB 645), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Section 348.500.2, RSMo, outlines the definitions and qualifications for participation in the Family Farm Breeding Livestock tax credit program. Previously the definition of "small farmer" required a farmer to have less than $250,000 in gross sales annually. This proposal is increasing the gross sales limit to $500,000. Increasing the limit may result in more farmers being able to qualify for the tax credit program.

Section 348.500.4, RSMo, removes the restriction that a small farmer can only be eligible for one loan per family and per type of livestock. Removing this restriction may increase the number of tax credits a farmer may receive and could increase the participation in the program of additional farmers.

Section 348.500.5, RSMo, increases the loan amount for each type of livestock. This may result in larger loans that would qualify for the tax credits. This could also increase the participation in the program by additional farmers.

This tax credit program has a $300,000 annual cap. The annual cap on this program was not changed and while these changes may result in more credits being claimed, the Department assumes this will not result in additional impact to the State.

For informational purposes the Department is providing the amount of these credits that have been authorized, issued and redeemed, the last few years.

Year	**Authorized**	**Issued**	**Total Redeemed**
FY 2020	$26,849.87	$16,817.30	$9,636.08
FY 2019	$14,898.18	$39,235.88	$34,022.54
FY 2018	$42,093.03	$52,507.91	$106,558.44
FY 2017	$66,801.60	$70,892.19	$27,178.36
FY 2016	$72,855.33	$48,967.77	$35,495.50
FY 2015	$40,506.00	$39,309.78	$24,981.60
FY 2014	$39,423.64	$34,251.88	$22,770.02
FY 2013	$39,732.39	$35,044.24	$32,032.50
FY 2012	$31,328.73	$32,228.75	$53,947.47
TOTALS	**$374,488.77**	**$369,255.70**	**$346,622.51**

Officials from the DOR assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes, according to the Tax Credit Analysis form, the Family Farms Act provides Missouri tax credits to lenders in lieu of the first year interest being paid on breeding livestock loans made to "small farmers" who are Missouri residents and who have less than $250,000 in gross agricultural product sales per year. The maximum eligible loan cannot exceed 90% of the cost of purchasing breeding livestock. Each small farmer shall be eligible for only one family farm livestock loan per immediate household family and only one type of livestock. The maximum amount of loan for each type of livestock is: Beef or Dairy cattle $75,000; Sheep or Goads $30,000; Swine $35,000.

Oversight notes the following certificates and amounts have been issued for the Family Farm Breeding Livestock Loan Program:

	FY 2017	FY 2018	FY 2019	FY 2020 (Est.)	FY 2021 (Est.)
Certificates Issued	29	22	15	9	40
Amount Issued	$70,892	$52,508	$39,236	$15,723	$50,000

Oversight notes this proposal expands eligibility to farmers with less than $500,000 (from $250,000) in gross agricultural product sales per year, which could expand the program and increase the number of projects that qualify. The program has a $300,000 annual cap, and Oversight assumes this proposal may increase the number of projects that qualify for the credits; however, Oversight assumes the increase will not be by a substantial amount. Therefore, Oversight will reflect a cost of "Less than $100,000" to the General Revenue Fund for the potential increase in the issuance of tax credit issuances.

<u>§208.018 – SNAP and Local Farmers' Markets</u>

In response to a similar proposal from 2021 (HB 594), officials from the **Department of Social Services (DSS)** assumed the following regarding this proposal:

Section 208.018 is amended to extend the pilot program for Supplemental Nutrition Assistance Program (SNAP) participants to purchase fresh food at farmers' markets with a dollar - for – dollar match up to ten dollars per week until August 28, 2033.

Previously, Family Services Division (FDS) partnered with a nonprofit organization who had a grant from the USDA to implement this program. If there is not a nonprofit organization administering this program, FSD assumes DSS will administer the program directly should the provisions of this legislation be enacted.

FSD currently utilizes a third party vendor to administer SNAP benefits to participants on Electronic Benefit Transfer (EBT) cards. The current EBT vendor estimates the necessary programming changes will cost approximately $150,000 to implement and approximately $6,500 per month to maintain. Due to the necessary programming changes required, the EBT vendor estimates implementation cannot occur before October 2021.

The provisions of this legislation require the pilot program to be established in at least one urban area and one rural area in Missouri. For the purposes of this fiscal note, FSD assumes the pilot program will be administered in no more than one urban area and one rural area. FSD determined the number of households receiving SNAP in the most populated urban area and the least populated rural area to estimate the fiscal impact. In November 2020, there were 50,743 households receiving SNAP in St. Louis County, the greatest populated urban area in Missouri and 90 households receiving SNAP in Worth County, the smallest populated rural area.

FSD assumes 15% of the 50,833 (50,743 + 90) SNAP households in these areas will participate in the program for a total of 7,625 SNAP households (50,833 * .15 = 7,625.

Based on the assumption that this program will administer a pilot to 7,625 households in St. Louis County and Worth County, each household will receive an additional $10 in weekly benefits to use at farmers' markets. With implementation beginning October 2021, each household will receive up to an additional $390 (39 weeks * $10) in the first year and up to an additional $520 (52 weeks * $10) in each year following. Therefore, the total additional benefits administered to SNAP participants to use at farmers' markets could be up to $2,973,750 (7,625 * $390) in SFY 22 and up to $3,965,000 (7,625 * $520) in each year following.

FSD assumes the administration of this program can be accomplished with existing staff.

FSD defers to OA-ITSD for any system changes necessary to implement the provisions of this legislation.

DSS will explore opportunities for grants, gifts, donations, or partnerships with nonprofit organizations for the administration of this program. However, without the receipt of grant funds, other gifts, donations, or nonprofit organization partnerships, this program would be fully funded by general revenue and is subject to appropriations.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by FSD.

Oversight learned, in discussions with DSS officials, that the non-for-profit Mid-America Regional Council (MARC) ran the Double Up Food Bucks (DUFB) program under a grant from summer 2016 through October 31, 2019. The MARC's final report shows there were 53 Farmers Markets that participated some time during the grant period. At those markets, 52,843 SNAP transactions were made for $959,156 reimbursement/transactions. The DUFB incentive had a distribution of $811,532 of which $765,546 or 94% was redeemed.

The program was originally going to run through December 31, 2019, but was shut down on October 31, 2019 to allow time to close out the grant from the USDA and plan for 2020 with local funding they had. The local funding was only for Kansas and some Kansas City locations.

In response to a similar proposal from 2021 (HB 594), officials from the **Missouri Department of Agriculture** and the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** assumed the proposal would have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

§§281.015, 281.020, 281.025, 281.030, 281.035, 281.037, 281.038, 281.040, 281.045, 281.048, 281.050, 281.055, 281.060, 281.063, 281.065, 281.070, 281.075, 281.085 & 281.101 – Pesticide Applicator Provisions

In response to a similar proposal from 2021 (SB 491), officials from the **Missouri Department of Agriculture (MDA)** assumed the following regarding this proposal:

§281.048
Will require an estimated $20,000 to add Noncertified Restricted Use Pesticide (NRUP) license classification to computer system, MOPlants, and the addition of one FTE (Senior Office Support Asst.) = $31,090 salary and corresponding office equipment = $2,743.

§281.035
Commercial agriculture, right-of-way, golf courses, fumigation, and other types will have an estimated 5,236 new persons licensed as NRUP X $35 = $183,260 annually.

§281.037
Non-commercial agriculture, right-of-way, golf courses, fumigation, and other types will have an estimated 919 new persons licensed as NRUP X $35 = $32,165 annually.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the MDA. Oversight notes the effective date of this proposal is January 1, 2024; therefore, Oversight will not reflect any costs or revenue until FY 2024 (six months) and fully implemented in FY 2025.

In response to a similar proposal from 2021 (SB 491), officials from the **Attorney General's Office**, **Department of Natural Resources** and **Office of the State Courts Administrator** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a similar proposal from 2021 (SB 491), officials from the **University of Missouri (UM)** assumed this proposal would allow University of Missouri Extension to charge a $75 Pesticide Registration fee for their Private Pesticide Applicator Training Program, which they currently provide for free. These fees would create an additional $400,000 in revenue. The revenue generated by these fees would be used to cover the costs of the program. The University currently covers 100% of costs incurred by the program, and Missouri Extension estimates that this fee will cover 46% of the program costs, allowing the University to cover 54%.

Oversight does not have information to the contrary and therefore, Oversight will reflect the savings as provided by the UM.

In response to a similar proposal from 2021 (SB 491), officials from the **City of Corder**, **City of Kansas City**, **City of O'Fallon**, **City of Springfield** and **City of St. Louis** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a similar proposal from 2021 (HB 1125), officials from the **City of Claycomo** and **City of Hughesville** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

§301.033 – Registration of Farm Vehicles

In response to a similar proposal from 2021 (HB 153), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact
To incorporate the necessary changes to allow for farm vehicle owners of more than one farm vehicle to make application with the Department to process as a farm fleet for the same registration renewal schedule, various department systems and procedures will need modifications to apply the changes.

FY 2022 – Motor Vehicle Bureau (MVB)

Associate Research/Data Analyst	239 hrs. @ $18.50 per hr.	= $4,422
Research/Data Analyst	20 hrs. @ $23.09 per hr.	= $ 462
Administrative Manager	10 hrs. @ $21.57 per hr.	= $ 216
Total		$5,100

FY 2022 – Strategy and Communications Bureau

Research/Data Assistant	4 hrs. @ $15.49 per hr.	= $ 62
Associate Research/Data Analyst	13 hrs. @ $18.50 per hr.	= $ 241
Total		$ 303

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

DOR notes OA-ITSD services will be required at a cost of **$60,432** in FY 2022 (636.12 hours x $95 per hour).

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD costs on the fiscal note.

DOR notes the current transfer fee is $2. This proposal does not change that, nor will it result in an increase in transfer transactions; therefore, there should not be a revenue impact. The $2 fee is not to add a vehicle to a fleet, but to transfer plates to the vehicle if a new vehicle for the fleet is purchased and the owner wants to transfer unexpired license plates from a previous vehicle owned.

In addition, this proposal will not increase the number of farm vehicles that need license plates. Any additional cost to issue plates that say special farm fleet vehicle plates, if any, will be minimal and absorbed as the number of plates being manufactured will not increase.

In response to a similar proposal from 2021 (HB 153), officials from the **Missouri Department of Agriculture** and **Missouri Department of Transportation** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this section.

In response to a similar proposal from 2021 (HB 153), officials from the **Missouri Highway Patrol** deferred to the DOR for the potential fiscal impact of this proposal.

<u>Rule Promulgation</u>

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to similar proposals with rule promulgation language, officials from the **Office of the Secretary of State** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than $5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

FISCAL IMPACT – State Government	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
GENERAL REVENUE FUND				
Revenue Reduction – Tax Credit For Retailers of Ethanol (§135.755) p. 5-6	$0	Up to ($4,000,000)	Up to ($4,000,000)	Up to ($4,000,000)
Revenue Reduction – Tax Credit For Retailers of Biodiesel (§135.775) p. 7	$0	Up to ($16,000,000)	Up to ($16,000,000)	Up to ($16,000,000)
Revenue Reduction – Extension of the Wood Energy Tax Credit from 06/30/2020 to 06/30/2027 (§135.305) p. 9-10	($740,000) or up to ($6,000,000) depending on appropriation	($740,000) or up to ($6,000,000) depending on appropriation	($740,000) or up to ($6,000,000) depending on appropriation	($740,000) or up to ($6,000,000) depending on appropriation
FISCAL IMPACT – State Government	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
Revenue Reduction – Extension of Meat Processing Facility Investment Tax Credit From December 31, 2021 to December 31, 2027 (§135.686) p. 11-13	$0	Up to ($667,348) to ($2,000,000)	Up to ($667,348) to ($2,000,000)	Up to ($667,348) to ($2,000,000)
Revenue Reduction – Extension of Expiration Date For Agricultural Product Utility Contributor Tax Credit & New				

Generation Cooperative Incentive Tax Credit from 12/31/21 to 12/31/27 – (§348.436) p. 13-16	$0	Up to ($3,154,965) to ($6,000,000)	Up to ($3,154,965) to ($6,000,000)	Up to ($3,154,965) to ($6,000,000)
<u>Cost</u> - increase in issuance of tax credits for the Family Farm Breeding Livestock tax credit program (§348.500) p. 17-18	(Less than $100,000)	(Less than $100,000)	(Less than $100,000)	(Less than $100,000)
<u>Cost</u> – DSS (§208.018) p. 18-19	Up to…	Up to…	Up to…	Up to…
EBT Implementation	($150,000)	$0	$0	$0
EBT Maintenance Annual	($58,500)	($78,000)	($78,000)	($78,000)
EBT Benefits	<u>($2,973,750)</u>	<u>($3,965,000)</u>	<u>($3,965,000)</u>	<u>($3,965,000)</u>
Total Costs – DSS	<u>($3,182,250)</u>	<u>($4,043,000)</u>	<u>($4,043,000)</u>	<u>($4,043,000)</u>
<u>FISCAL IMPACT – State Government</u>	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
<u>Cost</u> – DOR – OA-ITSD services (§301.033) p. 21-22	<u>($60,432)</u>	<u>$0</u>	<u>$0</u>	<u>$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	**More or less than ($4,082,682 to <u>$9,342,682)</u>**	**More or less than ($28,705,313 to <u>$38,143,000)</u>**	**More or less than ($28,705,313 to <u>$38,143,000)</u>**	**More or less than ($28,705,313 to <u>$38,143,000)</u>**
AGRICULTURE PROTECTION FUND (0970)				

Revenue – MDA – increase in number of commercial NRUP license fees (§281.035) p. 20	$0	$0	$91,630	$183,260
Revenue – MDA – increase in NRUP license fees (§281.037) p. 20	$0	$0	$16,083	$32,166
Cost – MDA				
Personal Services	$0	$0	($16,016)	($32,352)
Fringe Benefits	$0	$0	($11,079)	($22,264)
Computer network	$0	$0	($20,000)	$0
Expense and Equipment	$0	$0	($2,743)	$0
Total Costs – MDA	$0	$0	($49,838)	($54,616)
FTE Change – MDA	0 FTE	0 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE AGRICULTURE PROTECTION FUND	**$0**	**$0**	**$57,875**	**$160,810**
FISCAL IMPACT – State Government	FY 2022	FY 2023	FY 2024 (6 mos.)	Fully Implemented (FY 2025)
NATURAL RESOURCES PROTECTION FUND - ANHYDROUS AMMONIA RISK MANAGEMENT PLAN SUBACCOUNT				
Revenue - DNR - $200 annual registration fees for agricultural retailers	$33,833	$40,600	$40,600	$40,600

of anhydrous ammonia (§§643.050, 643.079, 643.245) p. 3-5				
Revenue - DNR - tonnage fees for agricultural retailers of anhydrous ammonia (§§643.050, 643.079, 643.245) p. 3-5	$240,430	$288,516	$288,516	$288,516
Revenue - DNR - $5,000 annual registration fees for distributors or terminal facilities (§§643.050, 643.079, 643.245) p. 3-5	$0 to Unknown	$0 to Unknown	$0 to Unknown	$0 to Unknown
FISCAL IMPACT – State Government	FY 2022	FY 2023	FY 2024 (6 mos.)	Fully Implemented (FY 2025)
Cost – DNR (§643.050, 643.079, 643.245) p. 3-5				
Personal Services	($105,300)	($127,624)	($128,900)	($130,189)
Fringe Benefits	($65,389)	($78,893)	($79,324)	($80,117)
Expense and Equipment	($14,823)	($6,934)	($7,108)	($7,179)
Total Costs – DNR	($185,512)	($213,451)	($215,332)	($217,485)
FTE Change – DNR	3 FTE	3 FTE	3 FTE	3 FTE
Cost - DNR - OA-ITSD services (§§643.050, 643.079, 643.245) p. 20	($20,000)	$0	$0	$0

TIMATED NET EFFECT ON THE NATURAL RESOURCES PROTECTION FUND - ANHYDROUS AMMONIA RISK MANAGEMENT PLAN SUBACCOUNT	**Could exceed <u>$68,751</u>**	**Could exceed <u>$115,665</u>**	**Could exceed <u>$113,784</u>**	**Could exceed <u>$111,631</u>**
<u>FISCAL IMPACT – State Government</u>	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
UNIVERSITY OF MISSOURI				
<u>Savings</u> – UM – revenue from fees for pesticide training (§281.040) p. 20-21	<u>$0</u>	<u>$0</u>	<u>$200,000</u>	<u>$400,000</u>
ESTIMATED NET EFFECT ON THE UNIVERSITY OF MISSOURI	**<u>$0</u>**	**<u>$0</u>**	**<u>$200,000</u>**	**<u>$400,000</u>**

FISCAL IMPACT – Local Government	FY 2022 (10 Mo.)	FY 2023	FY 2024	Fully Implemented (FY 2025)
	$0	**$0**	**$0**	**$0**

FISCAL IMPACT – Small Business

§§643.050, 643.079, 643.245 - Small agricultural retailers and/or users of anhydrous ammonia would be impacted by this proposal.

§135.755 - This proposed legislation could impact any small business operating as a retail dealer as such taxpayer could potentially qualify for the tax credit created under this proposed legislation and reduce or eliminate such taxpayer's state tax liability.

§135.775 - Small biodiesel distributors could be impacted as a result of this proposal.

§135.305 - This section could potentially impact any small business that utilizes the Wood Energy Tax Credit as the small business could reduce or eliminate their state tax liability for tax years not permitted under current law.

§135.686 - This section could positively impact any small business that qualifies for the Meat Processing Facility Investment Tax Credit as such small business could reduce or eliminate such small business's state tax liability.

§348.436 - This section could positively impact any small business that qualifies for the Agricultural Product Utilization Tax Credit as such small business could receive a tax credit that would have otherwise been unavailable after June 30, 2020 and/or December 31, 2021, which would allow such small businesses to reduce or eliminate such small business's state tax liability.

§348.500 - Small family farms that can utilize this program could be impacted as a result of this proposal.

§208.018 - This section could have a positive fiscal impact on small business farmers and farmers' markets.

§281.040 - Small pesticide applicator businesses could be impacted as a result of this proposal.

§301.033 - Small agriculture businesses could be positively impacted by this proposal.

FISCAL DESCRIPTION

This proposal modifies provisions relating to agriculture.

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 Natural Resources
Missouri Department of Agriculture
Office of the State Treasurer
Department of Revenue
Office of the Secretary of State
Missouri Department of Conservation
Joint Committee on Administrative Rules
Office of Administration - Budget and Planning
State Tax Commission
University of Missouri
University of Missouri – Economic and Policy Analysis Research Center
Department of Social Services
Office of Administration – Information Technology Services Division
City of Corder

KB:LR:OD

City of Hughesville
City of Kansas City
City of O'Fallon
City of Springfield
City of St. Louis
University of Missouri

Julie Morff
Director
May 14, 2021

Ross Strope
Assistant Director
May 14, 2021

KB:LR:OD