COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1477H.02C
Bill No.: HCS for HB 601
Subject: Taxation and Revenue - General; Tax Credits; Taxation and Revenue - Income; Tax Incentives; Revenue, Department of; Motor Fuel; Energy; Agriculture
Type: Original
Date: March 30, 2021

Bill Summary: This proposal would modify 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 Fund*	($1,066,896) to ($6,321,596)	($6,875,348) to ($16,306,675)	($6,875,348) to ($16,306,675)	($6,875,348) to ($16,306,675)
Total Estimated Net Effect on General Revenue	**($1,066,896) to ($6,321,596)**	**($6,875,348) to ($16,306,675)**	**($6,875,348) to ($16,306,675)**	**($6,875,348) to ($16,306,675)**

*The fiscal impact of extending tax credit programs is generally ranged from utilization history ranged to the annual program caps.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
Other State Funds	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown	Less than or greater than $400,000
Agriculture Protection Fund	$0	$0	$0	$138,492
Total Estimated Net Effect on Other State Funds	**(Unknown) to Unknown**	**(Unknown) to Unknown**	**(Unknown) to Unknown**	**Less than or greater than $538,492**

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 – MDA	0 FTE	0 FTE	0 FTE	1 FTE
Total Estimated Net Effect on FTE	**0 FTE**	**0 FTE**	**0 FTE**	**1 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

Section(s) 60.301, 60.315 & 60.345 – Land Surveys

Oversight notes these sections modify the definition of "Corners of the United States Public Land Survey". Currently, the definition is "those points that determine the boundaries of the various subdivisions represented on the official plat such as the township corner, the section corner, the quarter-section corner, grant corner and meander corner".

These sections modify the definition to add "center of section" to the definition. Oversight notes the modified definition, is "those points that determine the boundaries of the various subdivisions represented on the official plat such as the township corner, the section corner, the quarter-section corner, grant corner, meander corner and center of section".

Oversight notes these sections modify the definition of "Obliterated, Decayed or Destroyed Corner". Currently the definition is "an existent corner at whose point there are no remaining traces of the original monument or its accessories, but whose location has been perpetuated by subsequent surveys, or the point may be recovered beyond reasonable doubt by acts of testimony of local residents, competent surveyors, other qualified local authorities or witnesses, or by some acceptable record evidence. A position that depends upon the use of collateral evidence can be accepted only if duly supported, generally through proper relation to known corners, and agreement with the field notes regarding distance to natural objects, stream crossings, line tress, etc., or unquestionable testimony."

These sections modify the definition to substitute the phrase "an existent corner" with "a position". Oversight notes the modified definition is "a position at whose point there are no remaining traces of the original monument or its accessories, but whose location has been perpetuated by subsequent surveys, or the point may be recovered b yond reasonable doubt by acts of testimony of local residents, competent surveyors, other qualified local authorities or witnesses, or by some acceptable record evidence. A position that depends upon the use of collateral evidence can be accepted only if duly supported, generally through proper relation to known corners, and agreement with the field notes regarding distance to natural objects, stream crossings, line tress, etc., or unquestionable testimony."

Oversight notes these sections remove the description of the procedure used to relate the intersection of meridional and latitudinal lines to the measurement between four (4) corners prescribed in the definition of "Double Proportionate Measurement".

Oversight notes these sections remove certain options for the reestablishment of lost standard corners, section corners and quarter section corners. These options are substituted with a single proportionate measurement method/option.

Oversight notes these sections provide that the proportional position of the quarter-section corners or sections south of the township line and east of the range line, and not established by the original government survey, which shall be established according to the conditions represented upon the official government plat using a single proportionate measurement, shall be offset if necessary, in a cardinal direction to the true line defined by the nearest adjacent corners on opposite sides of the quarter-section corner to be established.

Officials from the **Missouri Department of Agriculture**, the **Missouri Department of Natural Resources**, the **Missouri Department of Revenue**, and the **Missouri Department of Transportation** do not anticipate these section(s) will cause a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations as it relates to these section(s).

In response to similar legislation, officials from the **Office of Administration** did not anticipate these section(s) would 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 as it relates to these section(s).

Section 135.305 – Wood Energy Tax Credit

Officials from the **Missouri Department of Revenue (DOR)** state 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 section would extend the sunset on the tax credit until June 30, 2027.

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

Officials from the **Missouri Department of Natural Resources (DNR)** state this section authorizes the Wood Energy Tax Credit through June 30, 2027. DNR does not anticipate a direct impact to DNR. However, DNR assumes there will be a negative impact to state revenue as a result of tax credit redemptions. DNR notes the exact impact is unknown, however, since inception, the annual appropriation has ranged from $740,000 to $2,500,000.

Officials from the **Office of Administration – Budget & Planning Division** 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, as it relates to this section.

Oversight notes this section 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.

Section 135.686 – Meat Processing Facility Tax Credit (& Qualified Beef Tax Credit)

Officials from the **DOR** state this section 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 section 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 section 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 section 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	14	21	0	0
Projects/Participants (#)	6	14	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 shared 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.

However, **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 revenue reduction to GR equal to 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.

Officials from the **Office of Administration – Budget & Planning Division** and the **Missouri Department of Agriculture** do not anticipate this section will 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.

Section 135.755 – Tax Credit For Sale(s) of Ethanol Fuel

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state, according to data from the U.S. Energy Information Administration, Missouri consumed 7.3 million barrels of fuel ethanol in 2018. (7.3 million barrels * 42 gallons per barrel) equals 306,600,000 gallons. If all of the fuel ethanol sold fit the eligibility for the tax credit, the cost to the state could be $15,330,000 (0.05*306,600,000).

This section could reduce General Revenue (GR) and Total State Revenue (TSR) up to or could exceed ($15,330,000) annually beginning in Fiscal Year 2023 and could impact the calculation under Article X, Section 18(e).

Officials from the **DOR** state, 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 section 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), 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 is estimated to 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 would have generated $15,330,000.

DOR will assume this section could generate between $10,641,305 and $15,330,000 in the future. This tax credit would not be filed on the returns until January 2023.

DOR states this is a new credit, primarily for business entities (corporations, maybe partnerships and S corporations and their members).

DOR does not currently collect information on the amount of gallons of ethanol sold at the retail level. DOR 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.

DOR anticipates the need for one (1) FTE Associate Customer Service Representative for every 6,000 tax credits redeemed and one (1) FTE Associate Customer Service Representative for every 7,600 errors/correspondence generated.

For purposes of this fiscal note, Oversight assumes DOR can absorb the responsibilities of this tax credit with existing resources. Oversight provides further explanation below.

Oversight assumes B&P's and DOR's estimates include ethanol blends that would **not** qualify for the tax credit created under this section (such as E10 – assumed to be the most common of blends).

Oversight notes, for all tax years beginning on or after January 1, 2022, a retail dealer that sells higher ethanol blend at such retail dealer's 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 five cents ($0.05) per gallon of higher ethanol blend sold. The tax credits authorized shall not be transferred, sold, or assigned. The tax credits authorized shall not be refundable. Any amount of tax credits that exceeds a taxpayer's tax liability shall be permitted to be carried forward to any of the five (5) subsequent tax years.

Oversight notes the State of Iowa (Iowa) provides several tax credits for biofuel sales by retailers and blenders. Two (2) of Iowa's tax credits are the E15 Plus Gasoline Promotion Tax Credit and E85 Gasoline Promotion Tax Credit. Detailed information about Iowa's Biofuel Retailers Tax Credits can be found here.

Iowa's E15 Plus Gasoline Promotion Tax Credit is available to retail dealers of gasoline who sell blended gasoline that is classified as E15 Plus but not classified as E85 gasoline. Currently, Iowa's tax credit is considered seasonal; providing various amounts of credit(s) at different times of the year. From June 1 – September 15 of each year, the tax credit is awarded at $0.10 per gallon. At all other times, the tax credit is awarded at $0.03 per gallon.

Iowa's E85 Gasoline Promotion Tax Credit is available to retail dealers of motor fuel that sell E85. A tax credit can be claimed for each gallon of E85 sold by the retailer during the tax year. The current tax credit is calculated at $0.06 per gallon.

Using the State Energy Consumption Estimates – 1960 through 2018, published by the U.S. Energy Information Administration, Oversight compared various energy consumption estimates for Iowa and Missouri. Oversight provides the comparison below:

2018 - State Energy Consumption Estimates - U.S. Energy Information Administration			
Iowa and Missouri	Iowa	Missouri	Iowa As a Percent of Missouri
Barrels of Fuel Ethanol	4,200,000	7,300,000	58%
Total Motor Gasoline - Including Fuel Ethanol (btu)	188,300,000,000,000	380,200,000,000,000	50%
Total Fuel Ethanol (btu)	14,800,000,000,000	25,600,000,000,000	58%
Total Energy Consumption by End - Use Sector (Transportation)	303,100,000,000,000	555,100,000,000,000	55%
Iowa As a Percent of Missouri/Topic Average			55%

Oversight notes the information/comparison above includes fuel that would not qualify under this section. However, for purposes of this fiscal note, since the State of Missouri does not track ethanol sales, Oversight assumes the comparison provides the best method in which to compare ethanol usage between the State of Iowa and the State of Missouri. Oversight assumes, based on the Iowa and Missouri energy consumption comparison shown above, that Iowa's fuel ethanol operations (specific to end user consumption/transportation) could be operating at 55% capacity of Missouri's fuel ethanol operations.

Using information included in Iowa's Biofuel Retailers Tax Credits Program Evaluation Study (December 2019), Oversight reviewed the amount of tax credits claimed in 2016 for Iowa's E15 Plus and E85 Promotion Tax Credit(s) to estimate the number of gallons sold by Iowa's tax credit claimants and compared such estimate to the *actual* number of gallons sold in Iowa:

<table>
<tr><td colspan="7">State of Iowa Summary</td></tr>
<tr><td colspan="6">E85 Gasoline Promotion Tax Credit</td><td rowspan="2">Actual Total Number of E15-20 & E85 Gallons Sold In Iowa</td></tr>
<tr><td>Iowa Actuals (2016)</td><td>Amount Claimed</td><td colspan="2">Iowa Tax Credit %</td><td>Oversight Estimated Number of Gallons Claimed By Tax Credit Claimants</td><td>Actual Number of Gallons Sold</td></tr>
<tr><td>E85 is a blend of gasoline that contains between 70% and 85% ethanol.</td><td>$2,143,259</td><td colspan="2">$0.16 per gallon</td><td>13,395,368.75</td><td>13,471,861</td><td rowspan="5">22,506,449</td></tr>
<tr><td colspan="6">E15 Plus Gasoline Promotion Tax Credit</td></tr>
<tr><td>Iowa Actuals (2016)</td><td>Amount Claimed</td><td>Iowa Tax Credit %</td><td>Amount Claimed Per %</td><td rowspan="3">8,915,127.11</td><td rowspan="3">9,034,588</td></tr>
<tr><td rowspan="2">E15 Plus are blends of gasoline that contain between 15% and 69% ethanol</td><td rowspan="2">$426,788</td><td>June 1 - September 15 - $0.10 per gallon</td><td>$227,620</td></tr>
<tr><td>All Other Dates - $0.03 per gallon</td><td>$199,168</td></tr>
</table>

Oversight notes the amount of estimated gallons sold by tax credit claimants and the actual amount of gallons sold are very similar. Therefore, Oversight anticipates a near one hundred percent (100%) participation rate in Missouri for each gallon of qualifying fuel sold.

Oversight notes, based on the data reported above, the total amount of E-15 & 20 & E85 gallons sold in Iowa during 2016 totals 22,506,449.

If the assumption that Iowa's fuel ethanol operations are operating at 55% capacity of Missouri's fuel ethanol operations is accepted, Oversight estimates Missouri's total E15 Plus and E85 gallons sold could total 40,920,816 gallons (22,506,449 / 55%). Oversight notes, a tax credit equal to $0.05 per gallon would generate a total amount of tax credits equal to $2,046,041 (40,920,816 * $0.05).

Oversight assumes, based on Iowa's tax credit utilization, when adjusted based on Missouri's estimated fuel ethanol operations, that the total number of taxpayer's claiming the tax credit created under this section would be less than the threshold(s) established by the Missouri Department of Revenue for additional FTE. Therefore, for purposes of this fiscal note, Oversight will assume that the Missouri Department of Revenue can absorb the responsibilities of the tax credit created with existing resources. Should the number of tax credits claimed be significant, though, the Missouri Department of Revenue may seek additional FTE through the appropriation process.

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 the actual and overall impact of this section is unknown. Oversight assumes B&P's and DOR's estimates include ethanol blends that would **not** qualify for the tax credit created under this section (E10 – assumed to be the most common of blends).

For purposes of this fiscal note, Oversight will report a revenue reduction to GR equal to "Less Than or Greater Than" $2,046,041, as estimated by Oversight. Oversight assumes the estimated reduction to GR equal to $2,046,041 was calculated using the most applicable information available.

Oversight notes the tax credit created would automatically sunset on December 31, 2025 unless reauthorized by the General Assembly.

Section(s) 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 Certification and Training

Officials from the **Missouri Department of Agriculture (MDA)** state:

Section 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.

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

Section 281.037 will cause for non-commercial agriculture, right-of-way, golf courses, fumigation, and other types to 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 section is July 1, 2024; therefore, Oversight will not reflect any costs or revenue until Fiscal Year 2025.

Officials from the **University of Missouri (UM)** assume this section 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.

UM 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.

Section 301.033 – Registration of Farm Vehicles

Officials from **DOR** assume the following:

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

FY2021 – 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 2021 – 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 section 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 section 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.

Officials from the **Missouri Department of Agriculture** and **Missouri Department of Transportation** do not anticipate this section will cause a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

Section 348.436 – Agricultural Product Utilization Contributor Tax Credit Program and New Generation Cooperative Incentive Tax Credit Program

Officials from the **DOR** state 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 assumes this section will not have any further fiscal impact on DOR or General Revenue (GR) as a result of the extended expiration date.

Officials from the **University of Missouri's Economic & Policy Analysis Research Center (EPARC)** states, currently, the Agricultural Product Utilization Contributor Tax Credit under Section RSMo 348.430 and the New Generation Cooperative Incentive Tax Credit under Section 348.432 are set to expire on December 31, 2021. This section moves the expiration date to December 31, 2027." Together these credits have an annual authorization cap of $6 million.

EPARC anticipates the extension of the expiration date to result in a decrease to Net General Revenue equal to $4,566,771 in Fiscal Year 2022, $4,676,223 in Fiscal Year 2023, $4,785,675 in Fiscal Year 2024 and $4,895,127 in Fiscal Year 2025.

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 reduction 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.

Officials from the **Missouri Department of Commerce and Insurance (DCI)** anticipate 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.

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 for this section.

Section 348.500 – Family Farm Breeding Livestock Tax Credit Program

Officials from **DOR** state this section 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 section 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 removes the restriction that a small farmer can only be eligible for one (1) 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 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. While these changes may result in more credits being claimed, DOR assumes this will not result in additional impact to the State of Missouri.

For informational purposes, DOR provides 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**

Oversight notes, per the Tax Credit Analyses received from the Missouri Department of Agriculture for Fiscal Year(s) 2018 - 2020, the Family Farm Breeding Livestock Tax Credit recognized the following activity:

Family Farm Breeding Livestock Loan Program	FY 2018	FY 2019	FY 2020	FY 2021 (Year To Date)	FY 2022 (Budget Year)
Certificates Issued (#)	22	15	11	0	0
Projects/Participants (#)	22	24	20	0	0
Amount Authorized	$42,093	$14,898	$24,499	$0	$0
Amount Issued	$52,508	$39,236	$16,814	$0	$0
Amount Redeemed	$106,558	$34,023	$9,636	$4,875	$0

Oversight notes the three (3) year average (Fiscal Year(s) 2018 – 2020) amount of Family Farm Breeding Livestock Tax Credit(s) issued equals $36,186.

For purposes of this fiscal note, **Oversight** will report a revenue reduction to GR equal to an amount "up to" $263,814 ($300,000 (tax credit cap) - $36,186 (the three (3) year average amount of tax credits issued) as a result of the possible increased participation in the Family Farm Breeding Livestock Tax Credit/Loan program.

Oversight assumes the modification made to the Family Farm Breeding Livestock Tax Credit will become effective August 28, 2021 (Fiscal Year 2022). Therefore, Oversight will report the aforementioned revenue reduction beginning in Fiscal Year 2022.

Section(s) 393.170 & 523.262 – Merchant Lines & Eminent Domain

Oversight assumes this section could impact the Grain Belt Express project in northern Missouri.

According to a report by the Public Service Commission (File No. EM-2019-0150), the Grain Belt Express Project line is "sited to traverse Buchanan, Clinton Caldwell, Carroll, Chariton, Randolph, Monroe and Ralls Counties, Missouri. The Grain Belt Express Project covers approximately 780 miles, and the project will primarily use a pole design which has a smaller footprint than traditional alternating current transmission lines. The structures will occupy ten acres for the entire state of Missouri."

The Joint Application of Invenergy Transmission LLC, Invenergy Investment Company LLC, Grain Belt Express Clean Line LLC and Grain Belt Express Holding LLC for an Order Approving the Acquisition by Invenergy Transmission LLC of Grain Belt Express Clean Line LLC was approved by the PSC effective June 30, 2019.

Oversight notes that while there may be no direct impact to the state or local governments as a result of this section, modifying provisions relating to the power of eminent domain for utility purposes could have a large indirect impact on current and future utility projects.

In response to similar legislation (HB 527 – 2021), officials from the **Cass County Pwsd**, the **Corder Water/Wastewater District**, the **Festus Water Department**, the **Glasgow Village Sld**, the **High Point Elementary School District**, the **Hughesville Water/Wastewater District**, the **Lexington Water/Wastewater District**, the **Little Blue Valley Sewer District**, the **Schell City Water Department**, the **South River Drainage District** and the **Tri County Water Authority** each assumed this section will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

Section(s) 414.152 & 414.600 – Missouri Made Fuels Act

Officials from the **Missouri Department of Agriculture (MDA)** assume there will be no fiscal impact to MDA. MDA will be able to monitor the blend level at retail and wholesale while testing Missouri's fuels for quality. MDA expects most all fuel marketers will comply without additional cost to our fuel quality program. The only potential additional cost would be for marketers that fail to comply with the Missouri Made Fuels Act (these sections), which would be handled like any other fuel quality violation.

In response to a similar legislation (HB 529 – 2021), officials from the **Office of Administration (OA)** assumed these sections will require all diesel fuel sold in Missouri to contain certain percentages of biodiesel fuel by certain dates, resulting in all diesel sold in the state being 20% biodiesel (B20) by April 2024 (**Oversight** notes these sections of this proposed legislation reference 10%).

OA-General Services and OA-Facilities Management, Design and Construction (FMDC) use a significant amount of diesel fuel for fleet vehicles. OA-FMDC also uses diesel fuel for emergency generators and as backup fuel for some boilers at state facilities. Therefore, these sections could impact OA to the extent it affects the price of diesel fuel in Missouri. Any increase in diesel prices per gallon that results from legislation would increase operating costs associated with this fuel consumption. The exact impact that this legislation would have on diesel prices is unknown, as that would largely depend on market forces. However, OA has provided an estimated range below.

Generally, biodiesel has been more expensive than regular diesel in the U.S., although this has not been the case in the recent past. According to the U.S. Department of Energy, in 2015, on average in the U.S., biodiesel in a B20 blend cost about $.12 more per gallon than conventional diesel fuel.

In Fiscal Year 2020, OA used 21,208 gallons of diesel fuel (15,247 for fleet vehicles and 2,857.40 gallons of diesel for generators and boilers), which cost a total of $43,809.94. Assuming a similar usage and a range of $.15 per gallon more expensive to .$15 per gallon cheaper than prices over the past year (based on the U.S. Department of Energy numbers given above), these sections have the potential to save OA **$3,181.20** or to cost OA **$3,181.20**, per year depending upon changes in the market.

Oversight does not have any information to the contrary in regards to OA's assumptions; therefore, Oversight will reflect OA's fiscal impact range stated above on the fiscal note.

Officials from the **Missouri Department of Conservation** anticipate an unknown fiscal impact due to the unknown cost of biodiesel fuel.

Legislation as a Whole –

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. SOS 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 SOS for administrative rules is less than $5,000. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 SOS can sustain with SOS's core budget. Therefore, SOS reserves 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposed legislation. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process.

Officials from the **Joint Committee on Administrative Rules** assume this proposed legislation will not cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules from this proposed legislation with existing resources.

Officials from the **Missouri Governor's Office**, the **Missouri House of Representatives**, the **Missouri Senate**, the **Missouri Office of Prosecution Services**, the **Office of State Courts Administrator**, the **Missouri Attorney General's Office**, the **Missouri Department of Corrections**, the **Missouri State Highway Patrol**, the **Missouri Department of Transportation**, the **City of Claycomo**, the **City of Corder**, the **City of Kansas City**, the **City of Springfield**, the **St. Louis Budget Division**, the **Cass County PWSD #2**, the **Corder Water/Wastewater Department**, the **Hancock Street Light District**, the **Lexington Water/Wastewater Department**, the **Little Blue Valley Sewer District**, the **Metropolitan St. Louis Sewer District**, the **Schell City Water Department**, and the **South River Drainage District**, the **Wayne County PWSD #2** do not anticipate this proposed legislation will cause a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

FISCAL IMPACT – State Government	FY 2022 (10 Mo.)	FY 2023	FY 2024	Fully Implemented (FY 2025)
GENERAL REVENUE FUND				
Revenue Reduction – Section 135.305 – Extension Of The Wood Energy Tax Credit From 06/30/2020 to 06/30/2027 – p. 4-5	($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
Revenue Reduction – Section 135.686 – Extension Of Meat Processing Facility Investment Tax Credit From 12/31/2021 To 12/31/2027 - p. 6-8	$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 – Section 135.755 - Tax Credit For Sale(s) of Ethanol Fuel – p. 8-12	$0	Less than or greater than ($2,046,041)	Less than or greater than ($2,046,041)	Less than or greater than ($2,046,041)
Cost – Section 301.033 – DOR OA-ITSD Services – p. 13-14	($60,432)	$0	$0	$0

Revenue Reduction – Section 348.436 – Extension Of Agricultural Product Utility Contributor Tax Credit & New Generation Cooperative Incentive Tax Credit From 12/31/2021 To 12/31/2027 – p. 14-17	$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)
Revenue Reduction – Section 348.500 – Modification(s) Made To Family Farm Breeding Livestock Tax Credit – p. 18-19	Up to ($263,814)	Up to ($263,814)	Up to ($263,814)	Up to ($263,814)
Cost/Savings – OA – Section(s) 414.152 & 414.600 - Potential Increase Or Decrease In Fuel Cost(s) p. 20-21	($2,650) to $2,650	($3,180) to $3,180	($3,180) to $3,180	($3,180) to $3,180
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**($1,066,896) to ($6,321,596)**	**($6,875,348) to ($16,306,675)**	**($6,875,348) to ($16,306,675)**	**($6,875,348) to ($16,306,675)**

OTHER STATE FUNDS				
Savings – University of Missouri – Section 281.040 – Revenue From Fee(s) For Pesticide Training – p. 12-13	$0	$0	$0	$400,000
Cost/Savings – Various State Departments - Section(s) 414.152 & 414.600 – Potential Increase Or Decrease In Fuel Cost(s) – p. 20-21	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	**(Unknown) to Unknown**	**(Unknown) to Unknown**	**(Unknown) to Unknown**	**Less than or greater than $400,000**

AGRICULTURE PROTECTION FUND (0970)				
Revenue Gain – Section 281.035 – Increase In Number Of Commercial NRUP License Fees – p. 12-13	$0	$0	$0	$183,260
Revenue Gain – Section 281.037 – Increase In Number Of Non-Commercial NRUP License Fees – p. 12-13	$0	$0	$0	$32,165
Cost – MDA - p. 12-13				
Personnel Services	$0	$0	$0	($32,032)
Fringe Benefits	$0	$0	$0	($22,158)
Computer Network	$0	$0	$0	($20,000)
Equipment & Expense	$0	$0	$0	($2,743)
Total Cost – MDA	$0	$0	$0	($76,933)
FTE Change – MDA	0 FTE	0 FTE	0 FTE	1 FTE
ESTIMATED NET EFFECT ON AGRICULTURE PROTECTION FUND	**$0**	**$0**	**$0**	**$138,492**

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

FISCAL IMPACT – Small Business

This proposed legislation could positively 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.

This proposed legislation could positively impact any small business that qualifies for and utilizes the Meat Processing Facility Investment Tax Credit as such small business could receive a tax credit that would have otherwise been unavailable after December 31, 2021, which would allow such small businesses to reduce or eliminate such small business's state tax liability for tax years not permitted under current law.

This proposed legislation could positively 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.

This proposed legislation could negatively impact any small business operating as a pesticide applicator as such small business would be required to pay additional/higher fee(s).

This proposed legislation could positively impact any small business that qualifies for and utilizes the Agricultural Product Utilization Tax Credit and/or the New Generation Cooperative Incentive Tax Credit as such small business could receive a tax credit that would have otherwise been unavailable after December 31, 2021, which would allow such small businesses to reduce or eliminate such small business's state tax liability for tax years not permitted under current law.

This proposed legislation could positively impact any small business that qualifies for and utilizes the Family Farm Breeding Livestock Tax Credit which would allow such small businesses to reduce or eliminate such small business's state tax liability for tax years not permitted under current law.

This proposed legislation could impact any small business operating as a utility business or any small businesses that are impacted by eminent domain, as it relates to utilities.

This proposed legislation could positively impact any small biodiesel producers and feedstock producers. Small businesses could also be impacted due to an increase or decrease in fuel prices as a result of this proposed legislation.

FISCAL DESCRIPTION

Section(s) 60.301, 60.315 & 60.345 – Land Surveys

This bill adds "center of section" to the points of land included in the definition of "corners of the United States public land survey".

The bill substitutes the phrase "an existent corner" with "a position" within the definition of "obliterated, decayed or destroyed corner".

A description of the procedure used to relate the intersection of meridional and latitudinal lines to the measurement between four known corners is repealed.

Certain options that can be used to reestablish lost standard corners and lost section and quarter-section corners are repealed and replaced with the single proportionate method.

The bill also provides that the proportional position shall be offset, if necessary, in a cardinal direction to the true line defined by the nearest adjacent corners on opposite sides of the quarter corner to be established.

Section 135.305 – Wood Energy Tax Credit

A tax credit for the production of certain wood-energy processed wood products expired on June 30, 2020. This act extends the tax credit until June 30, 2027.

Section 135.686 – Meat Processing Facility Tax Credit (& Qualified Beef Tax Credit)

Currently, the Meat Processing Facility Investment Tax Credit for the expansion or modernization of meat processing facilities is set to expire on December 31, 2021.

This bill extends the tax credit until December 31, 2027.

Section 135.755 – Tax Credit For Sale(s) of Ethanol Fuel

For all tax years beginning on or after January 1, 2022, this bill establishes a tax credit for retail dealers selling higher ethanol blend at the retail dealer's service station. The credit is equal to five cents per gallon of higher ethanol blend sold and dispensed through metered pumps at the service station during the tax year. The tax credit is nontransferable and nonrefundable. The tax credit will sunset on December 31, 2025, unless reauthorized by the General Assembly.

Section(s) 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 Certification and Training

This bill modifies provisions relating to pesticide certification and training. In its main provisions, the bill:

Repeals the ability of the Director of the Department of Agriculture to provide by regulation for the one-time emergency purchase and use of a restricted use pesticide by a private applicator;

Authorizes the Director to, by regulation, classify licenses, including a license for provisional private applicators and noncertified restricted use pesticide (RUP) applicators;

Specifies that no individual may engage in the business of supervising the determination of the need for the use of any pesticide on the lands of another without a certified commercial applicator's license issued by the Director;

Prohibits a certified commercial applicator from knowingly authorizing, directing, or instructing an individual to engage in determining the need for the use of any restricted pesticide on the land of another unless he or she is licensed as a noncertified RUP applicator while working under the direct supervision of a certified commercial applicator. The certified commercial applicator is liable for any use of a restricted use pesticide by an individual operating under the his or her supervision;

Prohibits a certified noncommercial applicator from knowingly authorizing, directing, or instructing an individual to engage in using any restricted use pesticide on lands or structures owned, leased, or rented by the certified noncommercial applicator or his or her employer unless such individual is licensed as a noncertified RUP applicator while working under the direct supervision of a certified noncommercial applicator. The certified noncommercial applicator is liable for any use of a restricted use pesticide by an individual operating under his or her direct supervision;

Prohibits a pesticide technician from using or determining the need for the use of any pesticide unless there is a certified commercial applicator working from the same physical location as the licensed pesticide technician;

Allows a pesticide technician to complete retraining requirements and renew the his or her license without a certified commercial applicator working from the same physical location;

Prohibits a certified private applicator from knowingly authorizing, directing, or instructing an individual to engage in using any restricted use pesticide on lands or structures owned, leased, or rented by the certified private applicator or his or her employer unless such individual is licensed as a certified private applicator or a certified provisional private applicator;

Requires a private applicator to attend an approved program, complete an approved certification course, or pass a certification examination to qualify for a certified private applicator's license or a certified provisional private applicator's license;

Requires the University of Missouri extension to collect reasonable fees for training and study materials, for enrollment in an in-person or an online certification or recertification training program after certain requirements are met;

Requires a certified private applicator holding a valid license to complete recertification training or pass the required private applicator certification examination in order to renew the license;

Specifies that on the date of the certified provisional private applicator's 18th birthday, his or her license will automatically convert to a certified private applicator license with the original expiration date from issuance;

Prohibits a certified public operator from knowingly authorizing, directing, or instructing an individual to engage in using any restricted use pesticide on lands or structures unless such individual is licensed as a noncertified RUP applicator while working under the direct supervision of a certified public operator. The certified public operator is liable for any use of a restricted used pesticide by an individual operating under his or her direct supervision;

Authorizes a person who volunteers to work for a public agency to use general use pesticides without a license under the supervision of the public agency on lands owned or managed by the agency;
Creates requirements for the application for a noncertified RUP applicator's license;

Requires that a pesticide dealership location or outlet from which restricted use pesticides are distributed, sold, held for sale, or offered for sale at retail or wholesale have at least one individual licensed as a pesticide dealer;

Prohibits an individual from being issued more than one pesticide dealer license and requires each mobile salesperson possessing restricted use pesticides for distribution or sale to be licensed as a pesticide dealer;

Requires each applicant for a pesticide dealer's license to pass a pesticide dealer examination;

Requires licensed certified applicators, licensed noncertified restricted use pesticide applicators, licensed pesticide technicians, and licensed pesticide dealers to notify the Department within 10 days of any conviction of or plea to certain offenses;

Authorizes the Director to issue a pesticide applicator certification on a reciprocal basis with other states without examination to a nonresident who is licensed as a certified applicator in accordance with the reciprocating state's requirements and is a resident of the reciprocating state;

Repeals the requirement that a nonresident applying for certain pesticide licenses to operate in Missouri must designate the Secretary of State as the agent of the nonresident upon whom process may be served unless the nonresident has designated a Missouri resident agent;

Specifies that it is unlawful for any person not holding a valid certified applicator license in proper certification categories or a valid pesticide dealer license to purchase or acquire restricted use pesticides and that it is unlawful for any person to steal or attempt to steal pesticide certification examinations or examination materials, cheat on pesticide certification examinations, evade completion of recertification or retraining requirements, or aid and abet any person in an attempt to steal examinations or examination materials, cheat on examinations, or evade recertification or retraining requirements.

Section 301.033 – Registration of Farm Vehicles

This bill requires the Department of Revenue to establish a system in which persons who own multiple farm vehicles can elect to have the vehicles placed on the same registration renewal schedule.

All farm vehicles included in the fleet of a registered farm vehicle fleet owner shall be registered during April or on a prorated basis, as specified in the bill. The bill allows the owner of a farm vehicle fleet to add a farm vehicle or transfer plates to a fleet vehicle. The owner must pay a transfer fee of $2 for each vehicle transferred.
Farm vehicles registered under this provision shall be issued a special license plate with the phrase "Farm Fleet Vehicle" and be issued multiyear license plates that do not require a renewal tab. The Director of Revenue shall issue a registration certificate or other proof of payment of the annual or biennial fee that must be carried in the vehicle for which it is issued.

Section 348.436 – Agricultural Product Utilization Contributor Tax Credit Program and New Generation Cooperative Incentive Tax Credit Program

Currently, the Agricultural Product Utilization Contributor Tax Credit under Section 348.430, RSMo, and the New Generation Cooperative Incentive Tax Credit under Section 348.432 are set to expire on December 31, 2021.

This bill moves the expiration date to December 31, 2027.

Section 348.500 – Family Farm Breeding Livestock Tax Credit Program

Currently, a small farmer may qualify for the Family Farm Livestock Loan Program if he or she is a farmer that is a Missouri resident who has less than $250,000 in gross sales per year and is only eligible for one loan per family and for only one type of livestock. This bill allows a farmer to qualify if he or she has less than $500,000 in gross sales per year and removes the restriction to only one loan per family. In addition, the bill doubles the maximum amount of the loan for each type of livestock.

Section(s) 393.170 & 523.262 – Merchant Lines & Eminent Domain

This bill specifies that, before the Public Service Commission (PSC) issues an approval for a merchant line, an entity, defined in the bill, must provide the PSC with a resolution of support passed by the county commission in each county through which the merchant line will be built. The bill specifies that no entity has the power of eminent domain for the purposes of constructing merchant lines. This restriction will not apply to any rural electric cooperatives or any electrical corporation operating under a cooperative business plan.

Section(s) 414.152 & 414.600 – Missouri Made Fuels Act

This bill establishes the "Missouri-Made Fuels Act", which specifies that all diesel fuel sold or offered for sale in Missouri for use in internal combustion engines must contain at least the following stated percentage of biodiesel fuel oil by volume on and after the following dates:

April 1, 2023, until March 31, 2024, 5%; and beginning April 1, 2024, 10%.

The minimum content levels shall be in effect during the months of April, May, June, July, August, September, and October, except in certain circumstances. The minimum content levels go into effect when the Director of the Department of Agriculture submits notice in the Missouri Register that certain conditions have been met and the state is prepared to move to the next scheduled minimum content level.

The minimum biodiesel content levels shall not apply to certain equipment and the bill specifies requirements for bills of lading or shipping manifests for diesel fuel and for biodiesel-blended products.

A violation of the provisions of this bill is a class A misdemeanor.

The Missouri-Made Fuels Act will sunset 10 years after its effective date.

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

Missouri Attorney General's Office
Office of Administration – Budget & Planning Division
Missouri Department of Commerce and Insurance
Missouri Department of Natural Resources
Missouri Department of Corrections
Missouri Department of Revenue
Missouri State Highway Patrol

TS: LR: OD

Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Department of Transportation
Missouri Secretary of State's Office
Missouri Governor's Office
University of Missouri
Office of Administration
University of Missouri's Economic & Policy Analysis Research Center
Missouri Office of Prosecution Services
Office of State Courts Administrator
Missouri House of Representatives
Missouri Senate
Joint Committee on Administrative Rules
City of Claycomo
City of Corder
City of Kansas City
City of Springfield
St. Louis Budget Division
Cass County PWSD #2
Corder Water/Wastewater Department
Hancock Street Light District
Lexington Water/Wastewater Department
Little Blue Valley Sewer Department
Metropolitan St. Louis Sewer District
Schell City Water Department
South River Drainage District
Wayne County PWSD #2

Julie Morff
Director
March 30, 2021

Ross Strope
Assistant Director
March 30, 2021