

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2725H.02I
Bill No.: HB 1317
Subject: Tax Credits; Motor Fuel; Agriculture; Department of Revenue; Department of Agriculture
Type: Original
Date: March 10, 2025

Bill Summary: This proposal modifies provisions relating to the biodiesel blend fuel seller tax credits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

* Oversight assumes this proposal may expand the number of taxpayers who could be eligible for the credit. Oversight assumes the unknown impact could exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

☒ 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 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 135.775 Biodiesel Retailers Tax Credit Program

Officials from the **Department of Revenue (DOR)** assume this proposal would alter the biodiesel retailer tax credit by changing the definition of biodiesel blend to accommodate certain fuel “for on-road or off-road diesel-fueled vehicle use” instead of just “for on-road and off-road diesel-fueled vehicle use”. By its terms, this would expand the scope of the credit so that it would be allowed for certain ‘dyed’ fuel that is prohibited from use on highways and is exempt from fuel tax.

The Biodiesel Retailers Tax Credit Program was created in HB 3 from the extraordinary session of 2022 and was modified again in SB 138 in the 2023 session. The program was given a \$16 million annual cap. At this time, DOR does not have information on the usage of the program as it has just started.

DOR notes this proposal may expand the number of taxpayers who could be eligible for the credit, but since the cap is not changed by this proposal, DOR assumes no additional impact is expected to the state revenue.

Oversight assumes this proposal may expand the number of taxpayers who could be eligible for the credit. Oversight notes, per the [Tax Credit Analysis January 2025 Submission](#) p.111, there were \$1,238,009 redemptions in FY 2024 and the program cap is \$16 million annually. Oversight will reflect an unknown increase in redemptions beginning FY 2026. Oversight assumes the unknown impact could exceed \$250,000.

Officials from the **Missouri Department of Transportation** and the **Missouri Department of Agriculture** both assume the proposal will 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.

Officials from the **Oversight Division** assume the proposal will have no fiscal impact on their organization.

Rule Promulgation

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

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. The 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
Cost – 135.775 – Modification of the definition of biodiesel blend	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)
NET ESTIMATED EFFECT ON GENERAL REVENUE	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill changes the word "and" to "or" in the definition of "Biodiesel blend". Biodiesel blend is a blend of diesel fuel and biodiesel fuel of at least five percent and not more than twenty percent for on-road or off-road diesel-fueled vehicle use.

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

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SOURCES OF INFORMATION

Department of Revenue

Missouri Department of Transportation

Missouri Department of Agriculture

Joint Committee on Administrative Rules

Joint Committee on Administrative Rules

Oversight Division



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March 10, 2025



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