

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2444-01
Bill No.: HB 1094
Subject: Agriculture and Animals; Agriculture Department
Type: Original
Date: April 13, 2015

Bill Summary: This proposal specifies the Department of Agriculture shall have the authority to regulate agricultural deer.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or (could exceed \$100,000)	\$0 or (could exceed \$100,000)	\$0 or (could exceed \$100,000)
Total Estimated Net Effect on General Revenue	\$0 or (could exceed \$100,000)	\$0 or (could exceed \$100,000)	\$0 or (could exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Agricultural Deer Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*revenues and expenditures net to zero
 Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§§ 144.010, 261.352, 261.354, 261.358, 265.300, 267.565, and 277.020 - Agricultural Deer:

Officials from the **Department of Conservation (MDC)** assume an unknown fiscal impact from this proposal.

Oversight assumes any direct fiscal impact to MDC from this proposal can be absorbed by MDC.

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assume this proposal would amend the sales and use tax definitions in section 144.010 RSMo, for “captive wildlife” and “livestock”, which may affect both TSR and the 18(e) calculation. B&P defers to DOR for an estimate of any fiscal impact for these provisions.

B&P assumes this proposal would create a new \$100 fee for an agricultural deer propagating license and a new \$300 fee for an agricultural deer harvesting preserve license. These fees would be deposited into a new “Agricultural Deer Fund” in the state treasury. B&P assumes these provisions would increase both TSR and the 18(e) calculation.

B&P defers to the Department of Agriculture for an estimate of any specific fiscal impact from these provisions.

Oversight assumes under current law (Sec. 144.010.1 RSMo.) and the Wildlife Code (3 CSR 10-4.110) harvested captive white-tailed deer or cervids are defined as wildlife, cannot be sold, and not subject to sales tax. Defining captive cervids or agricultural deer as livestock and exempting the sale of harvested captive cervids of agricultural deer meat from sales tax would have no direct fiscal impact on the General Revenue Fund, the Blind Pension Fund, local governments, and school districts.

ASSUMPTION (continued)

Oversight assumes an unknown positive fiscal impact to the new “Agricultural Deer Fund” from the collection of agricultural deer license fees. However, Oversight assumes these revenues will not be sufficient to cover the administrative cost to AGR for the regulation and inspection of agricultural deer, requiring a transfer from the General Revenue Fund to cover additional administrative costs and meat inspectors of \$0 or (could exceed \$100,000).

Oversight has not received a response from the Department of Agriculture at this time, however in response to similar legislation from 2015 (SB 178), officials from the **Department of Agriculture (AGR)** assumed an unknown fiscal impact because it is difficult to estimate the level of demand for state meat inspection services for captive cervids.

AGR assumed if the demand for captive cervids is minimal, it could be accommodated with existing staff. However, additional staff would be required if there is substantial demand for meat inspection services for captive cervids.

Oversight assumes this proposal could increase demand for meat inspection services provided by the AGR State Meat and Poultry Inspection Program by adding agricultural deer to the definition of livestock.

Oversight notes in FY13 AGR reported having 10.5 inspectors who provide inspection services to 36 official meat processing establishments and 146 custom exempt facilities with a salary range between \$41,000 and \$50,000.

Oversight assumes an additional 2 FTE for meat inspections for AGR would result in a cost of approximately \$100,000 or more.

In response to similar legislation from 2015 (SB 178), officials at the **Office of Attorney General (AGO)** assumed it may be responsible for providing legal representation to state agencies in litigation that may arise from this proposal. AGO assumes that costs are unknown. AGO assumes that any potential costs can be absorbed with existing resources. AGO may seek additional appropriations if the proposal results in a significant number of cases.

Oversight assumes the AGO could absorb any potential costs related to this proposal.

ASSUMPTION (continued)

In response to similar legislation from 2015 (SB 178), officials from the **Office of the Secretary of State (SOS)** stated 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 \$2,500. 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 the 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.

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

Officials from the **Department of Natural Resources, State Treasurer's Office,** and the **Joint Committee on Administrative Rules** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Transfer Out - AGR</u>			
§ 261.352 - transfer to the Agricultural Deer Fund to cover administrative and meat inspector costs	\$0 or (could exceed <u>\$100,000</u>)	\$0 or (could exceed <u>\$100,000</u>)	\$0 or (could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (could exceed <u>\$100,000</u>)	\$0 or (could exceed <u>\$100,000</u>)	\$0 or (could exceed <u>\$100,000</u>)
AGRICULTURAL DEER FUND			
<u>Income - AGR</u>			
§§ 261.354, 261.358 - Agricultural Deer License Fees	Unknown	Unknown	Unknown
<u>Transfer In - AGR</u>			
§ 261.352 - proceeds to cover administration and additional meat inspectors costs	\$0 or could exceed \$100,000	\$0 or could exceed \$100,000	\$0 or could exceed \$100,000
<u>Cost - AGR</u>			
§ 261.352 - Additional State Meat Inspectors	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE AGRICULTURAL DEER FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

§§ 144.010, 261.352, 261.354, 261.358, 265.300, 267.565, and 277.020 - Agricultural Deer:

Small businesses engaged in the practice of raising agricultural deer could expect to see a direct fiscal impact as a result of this proposal.

FISCAL DESCRIPTION

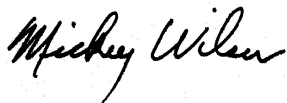
§§ 144.010, 261.352, 261.354, 261.358, 265.300, 267.565, and 277.020 - Agricultural Deer:

This proposal specifies that the Department of Agriculture shall have the authority to regulate agricultural deer.

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 Conservation
Office of Administration - Division of Budget and Planning
Department of Agriculture
Office of the Attorney General
Office of Secretary of State
Department of Natural Resources
State Treasurer's Office
Joint Committee on Administrative Rules



Mickey Wilson, CPA
Director
April 13, 2015

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Assistant Director
April 13, 2015