

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0872-01
Bill No.: Perfected HB 588
Subject: Agriculture; Fees; Trees and Other Plants
Type: Original
Date: February 27, 2019

Bill Summary: This proposal modifies the plant industries fees and requires the periodic review of fees charged by the Department of Agriculture.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Agriculture Protection Fund (0970)	\$1,891,986 to \$2,083,674	\$1,901,986 to \$2,093,674	\$1,901,986 to \$2,093,674
Pesticide Education Fund	\$0 or Up to \$191,688	\$0 or Up to \$191,688	\$0 or Up to \$191,688
Total Estimated Net Effect on Other State Funds	\$2,083,674	\$2,093,674	\$2,093,674

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture (AGR)** assume there will be a total net revenue increase of \$2,093,674 as a result of this proposal.

The table below indicates the current fee and the proposed fee for the various plant industries fees collected annually.

Citation	License/Registration Affected	Number of Payers	Current Fee	Proposed Fee	Estimated Revenue Increase
§264.061	Apiary import permit	11	\$5	\$10	\$55
§266.031	Vegetable, Owner, No storage	1,976	\$5	\$20	\$29,640
§266.031	Retail seed license	1,556	\$15	\$60	\$70,020
§266.031	Wholesale seed license	263	\$100	\$400	\$78,900
§266.165	Feed licenses	1,978	\$25 per year	\$35	\$19,780
§266.190	Tonnage fees	5,154,975 tons of feed	\$0.10 per ton (with minimum \$5)	\$0.14 per ton (with minimum \$5)	\$206,199
§266.190	Feed product registration	9,687	\$25	\$90	\$629,655
§281.035	Certified commercial applicator	5,278	\$50	\$100	\$263,900
§281.037	Certified non-commercial applicator	1,062	\$25	\$50	\$26,550
§281.038	Pesticide technician	2,512	\$25	\$50	\$62,800
§281.050	Pesticide dealer	863	\$25	\$50	\$21,575
§281.260	Registered pesticide	13,692	\$150	\$200	\$684,600
Annual Total fee revenue					\$2,093,674

The number of payers is based on 2018 figures.

ASSUMPTION (continued)

AGR notes the division's computer system, MOPlants, will require updates to change the fee amounts and structures. The estimated cost of this contracted work is **\$10,000**.

Additional appropriation authority will be requested to address program needs if this proposal is passed.

Oversight notes the Department of Agriculture provided the Joint Legislative Committee to Review the Plant Industries Division its immediate and long-term needs assessments in September 2018. Oversight assumes this data was used to assist in creating this proposal.

Oversight notes the Agriculture Protection Fund (0970) had a fund balance of \$4,246,829 as of December 2018. Oversight also notes \$9.4 million in receipts was deposited into the Agriculture Protection Fund in FY 2018. **AGR** noted, however, that only \$1.3 million of those receipts applied to the Plant Industries Division.

Oversight notes up to 7% of the annual registration fees for pesticides may be deposited into the newly created Pesticide Education Fund at the discretion of the director of the Department of Agriculture. Oversight will reflect a fiscal impact of \$0 (AGR does not deposit funds into the Pesticide Education Fund) or "Up to 191,688" for the Pesticide Education Fund (13,692 payers x \$200 registration fee = \$2,738,400 x 7% = \$191,688). Additionally, Oversight will reflect the revenue increase to the Agriculture Protection Fund (0970) from \$1,901,986 (AGR deposits 7% of the pesticide annual registration fee into the Pesticide Education Fund) or \$2,093,674 (AGR deposits all revenue from the fee increases into the Agriculture Protection Fund).

Officials from the **Office of the Secretary of State (SOS)** assume 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 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.

ASSUMPTION (continued)

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 require additional resources.

Officials from the **Joint Committee on Administrative Rules** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

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

Officials from the **Office of the State Treasurer** assume the proposal will have no fiscal impact on their organization.

Oversight notes that the Office of the State Treasurer has 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 the Office of the State Treasurer.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
AGRICULTURE PROTECTION FUND			
<u>Revenue</u> - AGR - Increase in various fees	\$1,901,986 to \$2,093,674	\$1,901,986 to \$2,093,674	\$1,901,986 to \$2,093,674
<u>Cost</u> - AGR - vendor cost to update system	<u>(\$10,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE AGRICULTURE PROTECTION FUND	<u>\$1,891,986 to \$2,083,674</u>	<u>\$1,901,986 to \$2,093,674</u>	<u>\$1,901,986 to \$2,093,674</u>
PESTICIDE EDUCATION FUND			
<u>Revenue</u> - AGR - from the annual registration fees for pesticides	\$0 or Up to <u>\$191,688</u>	\$0 or Up to <u>\$191,688</u>	\$0 or Up to <u>\$191,688</u>
ESTIMATED NET EFFECT ON THE PESTICIDE EDUCATION FUND	<u>\$0 or Up to \$191,688</u>	<u>\$0 or Up to \$191,688</u>	<u>\$0 or Up to \$191,688</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small agricultural businesses could be additional fees as a result of this proposal.

FISCAL DESCRIPTION

This bill requires the Department of Agriculture to convene a work group every five years to review all fees charged by the department and submit a report to the General Assembly on any recommended changes to the fees. The bill also increases the fees for several programs and licenses within the department's Plant Industries Division.

FISCAL DESCRIPTION (continued)

In addition, every pesticide which is distributed or sold in Missouri must be registered with the Department of Agriculture and pay an annual fee product registered. The department director would be allowed to deposit up to 7% of the fee into the Pesticide Education Fund to be used for pesticide applicator certification programs, pesticide education programs, and pesticide waste and container disposal programs.

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

SOURCES OF INFORMATION

Department of Agriculture
Office of the State Treasurer
Office of the Secretary of State
Joint Committee on Administrative Rules



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Director
February 27, 2019

Ross Strobe
Assistant Director
February 27, 2019