

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5429-01  
Bill No.: HB 2462  
Subject: Tax Credits; Agriculture  
Type: Original  
Date: March 14, 2016

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Bill Summary: This proposal extends the expiration date for certain agricultural tax credits.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0	\$0 to (\$6,000,000)	\$0 to (\$6,000,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 to (\$6,000,000)</b>	<b>\$0 to (\$6,000,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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.

Officials at the **Office of Administration’s Division of Budget and Planning (BAP)** assume this proposal extends the sunset of two existing tax credit programs from December 31, 2016 to December 31, 2022. Therefore, this will have no direct impact on Total State Revenues.

BAP notes that redemptions under the New Generation Cooperative Tax Credit have averaged \$3.2 million over the last three years. Similarly, redemptions under the Agricultural Product Utilization Contributor Tax Credit have average \$1.4 million.

**Oversight** notes the New Generation Cooperative Incentive Tax Credit issued \$2,112,545 in FY 2015, \$4,426,280 in FY 2014 and \$4,937,490 in FY 2013. The Agricultural Product Utilization Contributor Tax Credit issued \$2,379,168 in FY 2015, \$1,573,720 in FY 2014 and \$1,062,510 in FY 2013. Total issuances of \$4,491,713 in FY 2015, and \$6 million in FY 2014 and FY 2013.

**Oversight** notes this proposal extends the expiration date for the Agricultural Product Utilization Contributor Tax Credit (§348.430) and the New Generation Cooperative Incentive Tax Credit (§348.432) from December 31, 2016 to December 31, 2022. §348.434 states the aggregate amount of tax credits issued for §348.430 and §348.432 shall not exceed \$6 million. Therefore, Oversight will show the impact as \$0 (no credits claimed) to the maximum cap of \$6 million starting in FY 2018.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE</b>			
<u>Revenue Reduction</u> - extending the expiration date of §348.432 and §348.430	<u>\$0</u>	\$0 to <u>(\$6,000,000)</u>	\$0 to <u>(\$6,000,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>\$0 to (\$6,000,000)</u></b>	<b><u>\$0 to (\$6,000,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

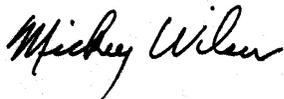
FISCAL DESCRIPTION

Currently the agricultural product utilization contributor tax credit and the new generation cooperative incentive tax credit expire on December 31, 2016. This bill extends the sunset on these tax credits to December 31, 2022.

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

Office of Administration's Division of Budget and Planning



Mickey Wilson, CPA  
Director  
March 14, 2016

Ross Strobe  
Assistant Director  
March 14, 2016