

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1740-05
Bill No.: Perfected SS for SCS for SB 373
Subject: Agriculture and Animals; Agriculture Department
Type: Original
Date: April 11, 2013

Bill Summary: This proposal modifies fees relating to agricultural weights and measures.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$27,495	\$72,325	\$104,825
Total Estimated Net Effect on General Revenue Fund	\$27,495	\$72,325	\$104,825

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Agriculture Protection Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

*Revenues will be spent for program costs and 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 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Senate Amendment 1

Oversight assumes propane meter fees will increase from \$10/meter to \$25/meter on January 1, 2014 and from \$25 to \$50/meter on January 1, 2015 and from \$50 to \$75/meter on January 1, 2016. The propane meter testing fee will be set at \$75 thereafter.

§§ 323.100 and 413.225 - Propane meters and metrology lab fees:

Officials from the **Department of Agriculture (AGR)** assume the propane meter and metrology laboratory programs will become more self sufficient from fees collected and deposited to the Agriculture Protection Fund (APF) as a result of this proposal. AGR assumes a savings to General Revenue in the amount of the increased fee revenues.

AGR assumes the following changes to propane meter and metrology lab fees.

Propane Meters:

Estimated FY14 revenue increase for APF = 433 propane meters (one-third of total will be inspected in the first 6 months) X \$15/meter additional revenue = \$6,495

- **Total FY14 additional revenues = \$6,495**

Estimated FY15 revenue increase for APF:

- 867 propane meters (two-thirds of total will be inspected at the \$25/meter rate in the first 6 months of the FY) X \$15/meter additional revenue = \$13,005
- 433 propane meters at the \$50/meter rate (one-third of total will be inspected in the last 6 months of the FY) X \$40/meter additional revenue = \$17,320
- **Total FY15 additional revenues = \$30,325**

Estimated FY16 revenue increase for APF:

- 867 propane meters (two-thirds of total will be inspected at the \$50/meter rate in the first 6 months of the FY) X \$40/meter additional revenue = \$34,680
- 433 propane meters at the \$75/meter rate (one-third of total will be inspected in the last 6 months of the FY) X \$65/meter additional revenue = \$28,145
- **Total FY16 additional revenues = \$62,825**

ASSUMPTION (continued)

Metrology Laboratory:

Metrology calibration fees will increase from \$60/hour to \$120/hour on January 1, 2014.

Estimated **FY14** revenue increase for APF = 350 hours X \$60/hour additional revenue = **\$21,000.**

FY 15 and **FY16** revenues = 700 hours X \$60/hour additional revenue = **\$42,000.**

AGR state General Revenue funds used by the metrology laboratory program will decline by the same amounts.

Table 1: Total Revenue Changes for Propane Meter and Metrology Laboratory Programs

	Propane	Metrology	Total
FY 14	\$6,495	\$21,000	\$27,495
FY 15	\$30,325	\$42,000	\$72,325
FY 16	\$62,825	\$42,000	\$104,825

Source: Department of Agriculture

These increased fee revenues will replace General Revenue currently used by AGR to operate these programs.

In response to the previous version of this proposal, officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed this proposal would allow the Department of Agriculture Director to adjust certain weights and measures fees annually based on the total expenses for administering the programs so that fees will cover the expenses for the following year. This proposal would have no impact on BAP, but could have an unknown fiscal impact on the 18e calculation and total state revenues.

Oversight assumes the increased fee rates of the propane meter and metrology lab programs will result in a savings to general revenue equal to the increased fee revenue received by the Agriculture Protection Fund.

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (6 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Savings - AGR</u>			
§§ 323.100 and 413.225 - Reduced general revenue appropriation for weights and measures programs	<u>\$27,495</u>	<u>\$72,325</u>	<u>\$104,825</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$27,495</u>	<u>\$72,325</u>	<u>\$104,825</u>
AGRICULTURE PROTECTION FUND			
<u>Revenue - AGR</u>			
§§ 323.100 and 413.225 - Increased fee revenue for Propane Meters and Metrology lab programs	\$27,495	\$72,325	\$104,825
<u>Cost - AGR</u>			
§§ 323.100 and 413.225 - Operating expense of Propane Meters and Metrology lab programs	<u>(\$27,495)</u>	<u>(\$72,325)</u>	<u>(\$104,825)</u>
ESTIMATED NET EFFECT ON THE AGRICULTURE PROTECTION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2014 (6 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that pay metrology and propane meter fees will now pay these fees at a higher rate.

FISCAL DESCRIPTION

§§ 323.100 and 413.225 - Propane meters and metrology lab fees:

This proposal sets the testing fees of all meters used for the measurement and sale of liquefied petroleum gas at \$10. On January 1, 2014, the fee will increase to \$50, and the year thereafter the fee will be set by the Director of Agriculture at a rate to cover expenses for the ensuing year so long as it does not exceed \$125.

The Director of Agriculture will submit a report annually to the General Assembly that states the current testing fee, program expenses, any proposed change to the testing fee, and estimated expenses for the ensuing year. The proposed change to the testing fee will not yield revenue greater than the cost of administration. The Director must also publish any change to the testing fee structure on the departmental website within 30 days of a change.

In addition this proposal allows fees collected for registration, inspection, and calibration to be deposited into the Agriculture Protection Fund as set forth in section 261.200. Laboratory fees for metrology calibrations will be increased from \$25 to \$60 beginning August 28, 2013, and will be computed to the nearest 1/4 hour. On January 1, 2014 and thereafter, the Director of Agriculture shall fix a fee schedule for the ensuing year at a rate per hour that will not yield revenue greater than the total cost of operation. Devices that are subject to a fee are set forth in this proposal. In-motion scales that require on-site field evaluations are charged mileage for the inspector in addition to the fee.

This proposal requires the Director of Agriculture to submit a report annually to the General Assembly that states the current laboratory fees, program expenses, any proposed change to the laboratory fees, and estimated expenses for the ensuing year. The proposed change to the laboratory fees shall not yield revenue greater than the cost of administration of the program. The Director must also publish any change to the laboratory fee structure on the departmental website within 30 days of a change.

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

L.R. No. 1740-05
Bill No. Perfected SS for SCS for SB 373
Page 7 of 7
April 11, 2013

SOURCES OF INFORMATION

Department of Agriculture
Office of Administration -
Division of Budget and Planning

A handwritten signature in black ink, appearing to read "Ross Strope".

Ross Strope
Acting Director
April 11, 2013