

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2494-02
BILL NO.: HB 1602
SUBJECT: Department of Agriculture; Livestock sales
TYPE: Original
DATE: January 25, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue Fund	\$0 to (\$201,890)	\$0 to (\$195,343)	\$0 to (\$200,317)
Total Estimated Net Effect on <u>All</u> State Funds	\$0 to (\$201,890)	\$0 to (\$195,343)	\$0 to (\$200,317)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Department of Labor and Industrial Relations** and the **State Courts Administrator** assume they would not be administratively impacted by this proposed legislation.

The **Department of Corrections** assumes the fiscal impact to their agency would be \$0/minimal. They assume the cost involved would be absorbable.

The **Office of the Attorney General** (AGO) assumes this proposed legislation would require one Assistant Attorney General II to work with the Department of Agriculture in rule making and to enforce the provisions of this bill.

The **Department of Agriculture** (AGR) assumes the proposed legislation requires the director of agriculture to act as Trustee on surety instruments for approximately 300 packers whose annual purchases exceed \$500,000 under proposed section 276.706; to ascertain and post public notice of approximately 170 stockyards under proposed 276.709; to register stockyards under proposed 276.712(2.); and to receive, examine, approve, and post stockyard service rates and charges under proposed 276.712. It also requires the director to initiate corrective action for violations of the chapter.

Performing these functions will require regulatory oversight. Some 170 stockyards will have to file rates for services and be approved by the director. In addition, the director will have to serve as Trustee on the surety instrument for some 300 packers. Ensuring compliance will require periodic review and assessment of registrant records pertaining to rates for services and payment to sellers of livestock. For those reasons, three new FTE (1 Regulatory Auditor III, 1 Regulatory Auditor II, and 1 Clerk Typist III) and associated costs are included in this fiscal estimate.

The proposed legislation requires the Attorney General to enforce the provisions of the law. Historically, the Department has experienced a rapid turnover in attorneys assigned to represent them in legal matters. Additionally, these attorneys are usually assigned to assist 3 or more divisions within the Department, which substantially limits their availability from time to time. The USDA Packers & Stockyards administration had to take formal legal action against 65 firms/individuals for violations of the act during FY '98. Missouri taking formal disciplinary action for violations of the proposed legislation will require consistent and experienced legal representation. Assuming the Attorney General will not assign a senior attorney to enforce the provisions of this proposed legislation, an additional \$25,000 annually would be needed to retain legal assistance (and is included in this fiscal estimate).

ASSUMPTION (continued)

Oversight assumes since this proposed legislation appears to duplicate federal law, some duties may be coordinated with the USDA. Dependent on the degree to which the AGR can rely on work performed by the USDA, costs have been ranged from \$0 to approximately \$200,000 annually.

Oversight adjusted AGO's Expense and Equipment to bring them in line with guidelines established by the Office of Administration (OA) and to reflect a more reasonable expense. Additionally, Oversight adjusted AGR's salaries to bring them in line with OA's guidelines. Oversight also removed the Legal Retainer Fees requested by the AGR since the AGO has requested an Assistant Attorney General II.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Cost - Department of Agriculture</u>			
Personal Service - (3 FTE)	(\$79,440)	(\$97,711)	(\$100,153)
Fringe Benefits	(\$24,428)	(\$30,046)	(\$30,797)
Expense and Equipment	<u>(\$45,650)</u>	<u>(\$11,536)</u>	<u>(\$11,882)</u>
Total <u>Cost</u> - AGR	(\$149,518)	(\$139,293)	(\$142,832)
<u>Cost - Office of the Attorney General</u>			
Personal Service - (1 FTE)	(\$30,625)	(\$37,669)	(\$38,610)
Fringe Benefits	(\$9,417)	(\$11,583)	(\$11,873)
Expense and Equipment	<u>(\$12,330)</u>	<u>(\$6,798)</u>	<u>(\$7,002)</u>
Total <u>Cost</u> - AGO	<u>(\$52,372)</u>	<u>(\$56,050)</u>	<u>(\$57,485)</u>
Estimated Net Effect on GENERAL REVENUE FUND	<u>\$0 to (\$201,890)</u>	<u>\$0 to (\$195,343)</u>	<u>\$0 to (\$200,317)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

This proposal would be expected to have a direct fiscal impact to small businesses who sell meat or livestock. Administrative costs could increase, but such increases should be minimal.

DESCRIPTION

Any discriminatory action on the part of a packer or stockyard is prohibited, including any practice creating a monopoly or apportioning distribution and sales of meats or livestock. Poultry contracts with growers must conform to the non-discrimination standards provided in the bill.

A packer with average annual purchases in excess of \$500,000 will have all inventories held in trust until all unpaid cash sellers have been paid.

Stockyards are required to register with the Director of the Department of Agriculture. Whenever, after due notice and hearing, the director finds a registrant to be insolvent or in violation of the provisions of this act, the director may suspend such registration for a reasonable period. The director may require the registrant to cease and desist from purchasing livestock while insolvent.

Within 60 days of registration with the Department of Agriculture, a stockyard is to submit to the department and provide to them public schedules showing all rates and charges for the stockyard services. All rates or charges made for any stockyard service are to be just, reasonable, and nondiscriminatory.

If any person subject to the provisions of this act violates any of the provisions of this act or any order issued by the director relating to the purchase, sale, or handling of livestock, the purchase or sale of poultry, or relating to any poultry-growing arrangement, the person is liable to the injured party for the full amount of damages sustained. Such liability may be enforced by the Director of the Department of Agriculture or by suit in any court. This in no way abridges any remedy now existing in common law or by statute.

Whenever any investigation pursuant to the provisions of this act causes any undue or unreasonable advantage, prejudice, or preference between persons or locations in intrastate commerce, interstate commerce, or foreign commerce, the director is to prescribe the rate, change, regulation, or practice thereafter to be observed. The director, after notice and hearing, may order any person to cease and desist from continuing such violation.

The Attorney General is to enforce the provisions of this act.

DESCRIPTION (continued)

This legislation is not federally mandated, would not require additional capital improvements or

L.R. NO. 2494-02
BILL NO. HB 1602
PAGE 5 OF 5
January 25, 2000

rental space, but would duplicate an existing federal program. AGR noted that USDA Packers and Stockyards Administration performs essentially the same duties as outlined in this proposed legislation (Packers and Stockyards Act, 1921, as amended).

SOURCES OF INFORMATION

Department of Agriculture
Department of Corrections
Department of Labor and Industrial Relations
Office of the Attorney General
State Courts Administrator

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with a large initial "J".

Jeanne Jarrett, CPA
Director
January 25, 2000