

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6921

BILL NUMBER: SB 350

NOTE PREPARED: Feb 1, 2012

BILL AMENDED: Jan 24, 2012

SUBJECT: Corn Marketing Council.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR: Rep. Lehe

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *E85 Reimbursement Program*: This bill repeals provisions concerning deductions to retail merchants under the E85 reimbursement program.

Immunity from Civil Liability: The bill provides that a motor fuel retail dealer is immune from civil liability for property damages that result from the use in a motor of a motor fuel that was not compatible for use in the motor and was dispensed by the retail dealer, if the incompatible motor fuel:

- (1) conformed to standards and specifications for the sale of the motor fuel as established under applicable federal and state laws;
- (2) was selected for use in the motor by a person other than the retail dealer or an employee or agent of the retail dealer; and
- (3) was dispensed from a motor fuel pump that conspicuously displayed a label that correctly identified the type of motor fuel that was dispensed from the pump.

Corn Marketing Council: This bill adds requirements applying to membership on the Corn Marketing Council (council). It changes the date by which a petition for candidacy to the Council may be filed. The bill also provides that the council operates on the basis of its own fiscal year. (Current law requires the Council to operate on a state fiscal year basis.)

Administrative Expenses: The bill establishes a formula to determine the maximum administrative expenses of the Council. It provides that the cost of processing refunds and the cost of applying for grants are not administrative expenses.

Assessments: The bill requires a first purchaser of corn to remit the corn sale assessment within 30 days after collection. It requires a first purchaser that is not subject to assessment to sign and date an exemption form.

Assessment Refund Schedule: The bill establishes an assessment refund schedule based upon the amount owed, and it makes a technical change.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Administrative Expenses* This bill establishes a formula to determine the maximum administrative expenses for the Council. The formula is based on the total amount of assessments, grants, and gifts received during the previous five fiscal years, excluding the lowest and highest years, divided by 10. This formula would be helpful for the Council for planning purposes.

Since the Corn Marketing Council has only existed since 2008, the following table provides the total checkoff assessments for the Council's fiscal years 2008 through 2011.

| Corn Marketing Council Fiscal Year (October - September) | Total Assessments |
|---|------------------------------|
| 2008 | \$4.3 M |
| 2009 | \$3.9 M |
| 2010 | \$4.4 M |
| 2011 | \$4.6 M |

The Council expended about \$230,000 in administrative expenses for their fiscal year ending September 30, 2011.

The bill also excludes the cost of processing refunds and applying for grants from administrative expenses, which would provide more funding for administrative expenses. Processing costs about \$8 per refund when taking into account employee time, filing, and mailing costs. During the Council's fiscal year 2011, about 2,835 refunds were processed, bringing the cost of processing refunds to about \$20,000.

Assessment Refund Schedule: The bill also provides an assessment refund schedule based upon the amount owed. Refunds exceeding \$25 would be remitted within 30 days of receiving the producer's completed application and proof assessment. Amounts of \$25 or less would be remitted semiannually. This schedule could help streamline the process of remitting refunds.

Explanation of State Revenues: *E85 Sales Tax Deduction:* This bill repeals the E85 reimbursement program. This provision would have no impact on Sales Tax revenues. Current statute allows a retail merchant to deduct from Sales Tax the an amount equal to \$0.18 per gallon of E85 sold by the merchant. The total deduction is limited to \$500,000. Reimbursement for the Sales Tax deduction comes from Corn Marketing Council.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Corn Marketing Council.

Local Agencies Affected:

Information Sources: Anna McConnell, Corn Marketing Council, 317-347-3620.

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