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FISCAL IMPACT REPORT

SPONSOR:	Ingle	DATE TYPED:	02/06/00	HB	
SHORT TITLE:	Agricultural Products Tax Deduction			SB	195/aSWMC
				ANALYST:	Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
	\$ (52.0)		Recurring	General Fund
	\$ 0.0		Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB 146 -prior to amendment

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of SWMC Amendment

The SWMC amendment includes testing of milk to the activities the would be permitted to have the gross receipts tax deduction. Previously, the language (inadvertently it seems) excluded testing milk for the producer and non-profit marketing association from the deduction.

Synopsis of Bill

This bill adds "transporting milk for the producer or nonprofit marketing association from the farm to a milk processing or dairy product manufacturing plant" and "testing or other preparation" of agricultural services to the services/activities allowed a gross receipts deduction. This list includes reaping, harvesting, ginning, etc.

FISCAL IMPLICATIONS

This bill would have an estimated negative impact on the general fund of \$52.0 (recurring).

The 1992 Economic Census of Transportation Industries indicates that in 1992, 306M ton-miles of primary, unprocessed agricultural commodities were hauled in the state. 49% of the value of these crops, animals and produce were hauled by for-hire carriers, with an additional 7% of the value hauled by mixed private and for-hire modalities. Using 6¢ per ton-mile for agricultural short-hauls, indicates that 1992 for-hire revenues were about \$10.3 million. An estimated 80% of this revenue was in intrastate commerce, and therefore taxable. The remaining 20% is deductible under an existing deduction from gross receipts tax for receipts from hauling in interstate commerce. Further, an estimated 12.5% of unprocessed farm product transportation is devoted to hauling milk from farm to factory. The estimate above includes all these factors. Industry representatives have testified that this revenue has not been remitted to the state. TRD had not

submitted an analysis of the amendment at the time this report was completed.

ADMINISTRATIVE IMPLICATIONS

Minimal.

DUPLICATION

House Bill 146 - prior to SWMC amendment.

TECHNICAL ISSUES

Taxation and Revenue Department report that this bill is in response to an audit and assessment of a for-hire milk hauler. They report that this bill will not affect the outcome of the protest of this issue.

JBE/njw