

SECOND REGULAR SESSION

HOUSE BILL NO. 1985

101ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE THOMPSON.

3398H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapters 143 and 148, RSMo, by adding thereto two new sections relating to tax deductions for financial institutions that provide loans in rural areas.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapters 143 and 148, RSMo, are amended by adding thereto two new sections, to be known as sections 143.1121 and 148.731, to read as follows:

143.1121. 1. This section and section 148.731 shall be known as the "Missouri Rural Credit Opportunity Act".

2. As used in this section, the following terms mean:

(1) "Deduction", an amount subtracted from a qualified taxpayer's Missouri taxable income for a given tax year;

(2) "Qualified agricultural real estate loans", loans made on Missouri real property that is substantially used for production of one or more agricultural products and that:

(a) Have maturities of no less than five years and no more than forty years;

(b) Are secured by a first lien interest in real property, except that the loans may be secured by a second lien if the institution also holds the first lien on the property; and

(c) Have an outstanding loan balance when made that is less than eighty-five percent of the appraised value of the real property, except that loans for which private mortgage insurance is obtained may exceed eighty-five percent of the appraised value of the real property to the extent the loan amount in excess of eighty-five percent is covered by such insurance;

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 (3) "Qualified interest income amount", the amount of interest income received
18 by a qualified taxpayer in a given tax year from qualified agricultural real estate loans
19 attributed to Missouri and from qualified rural single-family residence loans attributed
20 to Missouri;

21 (4) "Qualified rural single-family residence", a residence that is:

22 (a) The principal residence of the occupant;

23 (b) Located in Missouri in a rural area as defined by the United States
24 Department of Agriculture that is not within a metropolitan statistical area and has two
25 thousand five hundred or fewer inhabitants as determined by the most recent decennial
26 census; and

27 (c) Purchased or improved with the proceeds of a loan;

28 (5) "Qualified taxpayer", a national banking association, state bank, trust
29 company, or savings and loan association with an income tax liability under this chapter,
30 excluding the withholding tax imposed by sections 143.191 to 143.265.

31 3. For all tax years beginning on and after January 1, 2023, in addition to all
32 other deductions and modifications allowed by law, a qualified taxpayer shall be allowed
33 a deduction in an amount equal to the qualified taxpayer's total qualified interest
34 income amount.

35 4. The department of revenue may promulgate all necessary rules and
36 regulations for the administration of this section. Any rule or portion of a rule, as that
37 term is defined in section 536.010, that is created under the authority delegated in this
38 section shall become effective only if it complies with and is subject to all of the
39 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter
40 536 are nonseverable, and if any of the powers vested with the general assembly
41 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
42 a rule are subsequently held unconstitutional, then the grant of rulemaking authority
43 and any rule proposed or adopted after August 28, 2022, shall be invalid and void.

44 5. Under section 23.253 of the Missouri sunset act:

45 (1) The provisions of the new program authorized under this section shall
46 automatically sunset eight years after the effective date of this section unless
47 reauthorized by an act of the general assembly;

48 (2) If such program is reauthorized, the program authorized under this section
49 shall automatically sunset twelve years after the effective date of the reauthorization of
50 this section; and

51 (3) This section shall terminate on September first of the calendar year
52 immediately following the calendar year in which the program authorized under this
53 section is sunset. The termination of the program as described in this subsection shall

54 not be construed to preclude any qualified taxpayer who claims any benefit under any
55 program that is sunset under this subsection from claiming such benefit for all allowable
56 activities related to such claim that were completed before the program was sunset, or to
57 eliminate any responsibility of the department to verify the continued eligibility of
58 qualified individuals receiving tax credits and to enforce other requirements of law that
59 applied before the program was sunset.

148.731. 1. This section and section 143.1121 shall be known as the "Missouri
2 Rural Credit Opportunity Act".

3 2. As used in this section, the following terms mean:

4 (1) "Deduction", an amount subtracted from a qualified taxpayer's gross income
5 under this chapter for a given tax year;

6 (2) "Qualified agricultural real estate loans", loans made on Missouri real
7 property that is substantially used for production of one or more agricultural products
8 and that:

9 (a) Have maturities of no less than five years and no more than forty years;

10 (b) Are secured by a first lien interest in real property, except that the loans may
11 be secured by a second lien if the institution also holds the first lien on the property; and

12 (c) Have an outstanding loan balance when made that is less than eighty-five
13 percent of the appraised value of the real property, except that loans for which private
14 mortgage insurance is obtained may exceed eighty-five percent of the appraised value of
15 the real property to the extent the loan amount in excess of eighty-five percent is covered
16 by such insurance;

17 (3) "Qualified interest income amount", the amount of interest income received
18 by a qualified taxpayer in a given tax year from qualified agricultural real estate loans
19 attributed to Missouri and from qualified rural single-family residence loans attributed
20 to Missouri;

21 (4) "Qualified rural single-family residence", a residence that is:

22 (a) The principal residence of the occupant;

23 (b) Located in Missouri in a rural area as defined by the United States
24 Department of Agriculture that is not within a metropolitan statistical area and has two
25 thousand five hundred or fewer inhabitants as determined by the most recent decennial
26 census; and

27 (c) Purchased or improved with the proceeds of a loan;

28 (5) "Qualified taxpayer", a national banking association, state bank, trust
29 company, or savings and loan association with a tax liability under this chapter.

30 3. For all tax years beginning on and after January 1, 2023, in addition to all
31 other deductions and modifications allowed by law, a qualified taxpayer shall be allowed

32 a deduction in an amount equal to the qualified taxpayer's total qualified interest
33 income amount.

34 4. The department of revenue may promulgate all necessary rules and
35 regulations for the administration of this section. Any rule or portion of a rule, as that
36 term is defined in section 536.010, that is created under the authority delegated in this
37 section shall become effective only if it complies with and is subject to all of the
38 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter
39 536 are nonseverable, and if any of the powers vested with the general assembly
40 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
41 a rule are subsequently held unconstitutional, then the grant of rulemaking authority
42 and any rule proposed or adopted after August 28, 2022, shall be invalid and void.

43 5. Under section 23.253 of the Missouri sunset act:

44 (1) The provisions of the new program authorized under this section shall
45 automatically sunset eight years after the effective date of this section unless
46 reauthorized by an act of the general assembly;

47 (2) If such program is reauthorized, the program authorized under this section
48 shall automatically sunset twelve years after the effective date of the reauthorization of
49 this section; and

50 (3) This section shall terminate on September first of the calendar year
51 immediately following the calendar year in which the program authorized under this
52 section is sunset. The termination of the program as described in this subsection shall
53 not be construed to preclude any qualified taxpayer who claims any benefit under any
54 program that is sunset under this subsection from claiming such benefit for all allowable
55 activities related to such claim that were completed before the program was sunset, or to
56 eliminate any responsibility of the department to verify the continued eligibility of
57 qualified individuals receiving tax credits and to enforce other requirements of law that
58 applied before the program was sunset.

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