

HCS HB 1720 -- AGRICULTURAL ECONOMIC OPPORTUNITIES

SPONSOR: Pollitt (52)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Agriculture Policy by a vote of 13 to 0 with 1 voting present. Voted "Do Pass" by the Standing Committee on Rules-Administrative Oversight by a vote of 11 to 1.

The following is a summary of the House Committee Substitute for HB 1720.

This bill modifies the provisions relating to agricultural economic opportunities.

LAND SURVEYS (Sections 60.301, 60.315, and 60.345 RSMo.)

The bill adds "center of section" to the points of land included in the definition of "corners of the United States public land survey".

The bill substitutes the phrase "an existent corner" with "a position" within the definition of "obliterated, decayed or destroyed corner".

A description of the procedure used to relate the intersection of meridional and latitudinal lines to the measurement between four known corners is repealed.

Certain options that can be used to reestablish lost standard corners and lost section and quarter-section corners are repealed and replaced with the single proportionate method.

The bill also provides that the proportional position shall be offset, if necessary, in a cardinal direction to the true line defined by the nearest adjacent corners on opposite sides of the quarter corner to be established.

WOOD ENERGY TAX CREDIT (135.305)

The bill extends the tax credit for Missouri wood energy producers from June 30, 2020 to June 30, 2028.

MEAT PROCESSING FACILITY INVESTMENT TAX CREDIT (135.686)

Currently, the Meat Processing Facility Investment Tax Credit for the expansion or modernization of meat processing facilities is set to expire on December 31, 2021. The bill extends the tax credit until December 31, 2028. The bill also limits the tax credit to

taxpayers who own a meat processing facility in the state and employ less than 500 people at all processing facilities nationwide.

ETHANOL RETAILERS INCENTIVE (135.755)

For all tax years beginning on or after January 1, 2023, the bill authorizes a tax credit for retail dealers selling higher ethanol blend at the retail dealer's service station. The credit will be equal to \$0.05 per gallon of higher ethanol blend sold and dispensed through metered pumps at the service station during the tax year. The tax credit will be nontransferable and nonrefundable but may be carried forward to any of the five subsequent tax years. The total amount of tax credits authorized under the bill in a given fiscal year will not exceed \$5 million. The program will sunset on December 31, 2028, unless reauthorized by the General Assembly.

BIODIESEL INCENTIVE PROGRAMS (Sections 135.775 and 135.778)

For all tax years beginning on or after January 1, 2023, the bill authorizes a tax credit for retail dealers selling a biodiesel blend at the retail dealer's service station in the state. The credit will be equal to \$0.02 per gallon for between a 5% and 10% blend and \$0.05 per gallon of in excess of a 10% blend sold and dispensed through metered pumps at the service station during the tax year. If the tax credit exceeds the taxpayers tax liability, the difference shall be refundable. The total amount of tax credits authorized under the bill in a given fiscal year will not exceed \$16 million. The program will sunset on December 31, 2028, unless reauthorized by the General Assembly.

For all tax years beginning on or after January 1, 2023, the bill authorizes a tax credit for Missouri biodiesel producers in the state. The credit will be equal to \$0.02 per gallon produced by the Missouri biodiesel producer during the tax year. A biodiesel producer that does not qualify as a Missouri biodiesel producer, as defined by in the bill, may claim a prorated tax credit based on the percentage of the producer's feedstock that originates in Missouri.

If the tax credit exceeds the taxpayers tax liability, the difference shall be refundable. The total amount of tax credits authorized under the bill in a given fiscal year will not exceed \$4 million. The program will sunset on December 31, 2028, unless reauthorized by the General Assembly.

SOYBEAN PRODUCERS ASSESSMENT (275.357)

Currently, the federal soybean producers assessment is 0.5% of the net market price of soybeans grown in this state and the state assessment is one half of the national assessment. This bill specifies that as long as the federal assessment remains at 0.5%, the state assessment must correspond to the state credit of the total assessment paid to the commodity merchandising council.

If federal assessment is reduced or ceases, the state assessment will be equal to 0.5% of the net market price of soybeans grown within the state. The bill specifies how the state and federal assessments are to be collected and remitted and that the state feeds are subject to refund.

AGRICULTURAL TAX CREDIT EXTENSIONS (Section 348.436)

Currently, the Agricultural Product Utilization Contributor Tax Credit under Section 348.430, and the New Generation Cooperative Incentive Tax Credit under Section 348.432 are set to expire on December 31, 2021. The bill extends the expiration date to December 31, 2028.

FAMILY FARMS ACT (Section 348.500)

Currently, a small farmer may qualify for the Family Farm Livestock Loan Program if he or she is a farmer that is a Missouri resident who has less than \$250,000 in gross sales per year and is only eligible for one loan per family and for only one type of livestock. The bill allows a farmer to qualify if he or she has less than \$500,000 in gross sales per year and removes the restriction to only one loan per family. In addition, the bill doubles the maximum amount of the loan for each type of livestock.

ANHYDROUS AMMONIA (Sections 643.050, 643.079, 643.245 and repeal of 266.355)

The bill repeals provisions of law that give the Department of Agriculture oversight over standards relating to anhydrous ammonia and authorizes the Air Conservation Commission to adopt, promulgate, amend, and repeal rules and regulations for covered processes at agricultural stationary sources that use, store, or sell anhydrous ammonia, and regulations necessary to implement and enforce the risk management plans under the federal Clean Air Act.

Each retail agricultural facility that uses, stores, or sells anhydrous ammonia that is an air contaminant source subject to a risk management plan under the federal Clean Air Act must pay an annual registration of \$200. The bill also establishes an annual tonnage fee for anhydrous ammonia of \$1.25 per ton used or sold.

Each distributor or terminal agricultural facility that uses, stores, or sells anhydrous ammonia that is an air contaminant source subject to a Risk Management Plan Program 3 under federal regulations relating to chemical accident prevention must pay an annual registration of \$5,000 and does not pay a tonnage fee.

The bill creates the "Anhydrous Ammonia Risk Management Plan Subaccount" within the Natural Resources Protection Fund which shall consist of fees required in these provisions.

The bill contains an emergency clause.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPOSERS: Supporters say that this bill encompasses many of the priorities for those in the agricultural industry in the state. Many of the tax credits affected by this bill have helped spur growth in agricultural products throughout the state and support job creation and retention in the industry. The tax credits have helped farmers retain ownership of their products longer and add value to those products. The new tax credits will incentivize the use of renewable fuels produced in the state, which will increase the demand for corn and soybeans across the state. Finally, supporters stated that moving the anhydrous ammonia requirements to the Department of Natural Resources allows the implementation of federal requirements by the agency that has the most expertise.

Testifying for the bill were Representative Pollitt; Missouri Soybean Association; Missouri Cattlemen's Association; Missouri Forest Products Association; Missouri Pork Association; Mo-Ag; Iowa 80 Group & Truck Stops of Missouri LLC; Jeffrey Earl, National Biodiesel Board; Steve Murphy, POET Bio Processing-Ladonia/Missouri Renewable Fuels Association; Missouri Corn Growers Association; Jill Wood, Missouri Agricultural and Small Business Development Authority.

OPPOSERS: Written testimony was submitted in opposition to the bill.

Testifying against the bill was Arnie C. Dienoff.

Written testimony has been submitted for this bill. The full written testimony can be found under Testimony on the bill page on the House website.