

## HB 3 -- AGRICULTURAL ECONOMIC OPPORTUNITIES

SPONSOR: Pollitt (52)

This bill modifies the provisions relating to agricultural economic opportunities.

### WOOD ENERGY TAX CREDIT (Section 135.305, RSMo)

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 (Section 135.686)

The Meat Processing Facility Investment Tax Credit for the expansion or modernization of meat processing facilities expired 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 (Section 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 or for distributors that sell an ethanol blend directly to the final user in the state. The credit will be equal to \$0.05 per gallon of higher ethanol blend sold and dispensed through metered pumps at the service station or directly to the end user 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.

### 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 or for distributors that sell a biodiesel blend directly to the final user 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 for in excess of a 10% but less than 20% blend sold and dispensed through metered pumps at the service station or directly to the final user located in the state 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.

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.

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.

#### URBAN FARMS (Section 135.1610)

The bill allows a taxpayer to claim a tax credit against the taxpayer's state tax liability in an amount equal to 50% of the taxpayer's eligible expenses for establishing an urban farm or improving an urban farm in an urban area that produces agricultural products solely for distribution to the public.

The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state tax liability in the tax year for which the credit is claimed, the taxpayer shall not be allowed to claim a tax credit under this section in excess of \$5,000 for each urban farm. However, any tax credit that cannot be claimed in the tax year the contribution was made may be carried over to the next three succeeding tax years until the full credit is claimed.

The total amount of tax credits authorized shall not exceed \$200,000. These tax credits cannot be transferred, sold, or assigned. Any taxpayer granted a tax credit who uses the farm for which the credit was issued for personal benefit must repay the tax credit. The program sunsets December 31st, 2028.

#### ROLLING STOCK TAX CREDIT (Section 137.1018)

This bill reauthorizes a tax credit for eligible expenses incurred in the manufacture, maintenance, or improvement of a freight line company's qualified rolling stock, which expired on August 28, 2020. Such credit would be reauthorized until August 28, 2028.

#### SALES TAX EXEMPTIONS FOR FARM EQUIPMENT (Section 144.030)

The bill specifies that sales of certain farm machinery and equipment, including utility vehicles, used for any agricultural purposes are exempt from sales tax. Additionally, this bill provides and alters definitions for utility vehicles.

#### AGRICULTURAL TAX CREDIT EXTENSIONS (Section 348.436)

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

#### SPECIALTY AGRICULTURAL CROPS (Section 348.491 and 648.493)

This bill creates the "Specialty Agricultural Crops Act", a loan program to be established by the Missouri Agricultural and Small Business Development Authority for the purchase of certain specialty crop resources. The eligibility requirements are specified in the bill.

The maximum loan amount a producer may be eligible to receive is \$35,000. The bill specifies the maximum loan amounts available under the program and the considerations that are to be weighed by the authority when deciding upon a loan application. The bill waives the interest payments for any approved farmer for the first year, provides financing up to 90% of the anticipated cost of the specialty crop purchase, and allows the authority to charge a one time loan review fee of 1% to be charged by the lender. Nothing in the Specialty Agricultural Crops Act precludes any farmer from participating in any other agriculture program.

The bill provides a tax credit to any lender participating in the loan program equal to 100% of the interest waived by the lender for the first year of the loan. The amount of tax credits issued to all eligible lenders in a fiscal year may not exceed \$300,000. The tax credits created in the Act may be claimed on a quarterly basis, are not refundable and may be carried over for no more than three years.

The program will sunset 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.

The bill contains an emergency clause.