

SECOND REGULAR SESSION

SENATE BILL NO. 1124

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR BROWN.

Read 1st time March 1, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

6705S.011

AN ACT

To repeal section 135.679, RSMo, and to enact in lieu thereof three new sections relating to agricultural tax credits.

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

Section A. Section 135.679, RSMo, is repealed and three new sections enacted in lieu thereof, to be known as sections 135.679, 135.684, and 135.686, to read as follows:

135.679. 1. This section shall be known and may be cited as the "Qualified Beef Tax Credit Act".

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

(1) "Agricultural property", any real and personal property, including but not limited to buildings, structures, improvements, equipment, and livestock, that is used in or is to be used in this state by residents of this state for:

(a) The operation of a farm or ranch; and

(b) Grazing, feeding, or the care of livestock;

(2) "Authority", the agricultural and small business development authority established in chapter 348;

(3) "Backgrounded", any additional weight at the time of the first qualifying sale, before being finished, above the established baseline weight;

(4) "Baseline weight", the average weight in the immediate past **[three] two** years of all beef animals sold that are thirty months of age or younger, categorized by sex. Baseline weight for qualified beef animals that are physically out-of-state but whose ownership is retained by a resident of this state shall be established by the average transfer weight in the immediate past **[three] two** years of all beef animals that are thirty months of age or younger and that are transferred out-of-state but whose ownership is retained by a resident of this state, categorized by sex. The

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

20 established baseline weight shall be effective for a period of three years. If the
21 taxpayer is a qualifying beef animal producer with fewer than [three] **two** years of
22 production, the baseline weight shall be established by the available average weight
23 in the immediate past year of all beef animals sold that are thirty months of age or
24 younger, categorized by sex. If the qualifying beef animal producer has no previous
25 production, the baseline weight shall be established by the authority;

26 (5) "Finished", the period from backgrounded to harvest;

27 (6) "Qualifying beef animal", any beef animal that is certified by the
28 authority, that was born in this state after August 28, 2008, that was raised and
29 backgrounded or finished in this state by the taxpayer, excluding any beef animal
30 more than thirty months of age as verified by certified written birth records;

31 (7) "Qualifying sale", the first time a qualifying beef animal is sold in this
32 state after the qualifying beef animal is backgrounded, and a subsequent sale if the
33 weight of the qualifying beef animal at the time of the subsequent sale is greater than
34 the weight of the qualifying beef animal at the time of the first qualifying sale of such
35 beef animal;

36 (8) "Tax credit", a credit against the tax otherwise due under chapter 143,
37 excluding withholding tax imposed by sections 143.191 to 143.265, or otherwise due
38 under chapter 147;

39 (9) "Taxpayer", any individual or entity who:

40 (a) Is subject to the tax imposed in chapter 143, excluding withholding tax
41 imposed by sections 143.191 to 143.265, or the tax imposed in chapter 147;

42 (b) In the case of an individual, is a resident of this state as verified by a 911
43 address or in the absence of a 911 system, a physical address; and

44 (c) Owns or rents agricultural property and principal place of business is
45 located in this state.

46 3. For all [taxable] **tax** years beginning on or after January 1, 2009, but
47 ending on or before December 31, [2016] **2023**, a taxpayer shall be allowed a tax
48 credit for the first qualifying sale and for a subsequent qualifying sale of all qualifying
49 beef animals.

50 (1) The tax credit amount for the first qualifying sale shall be ten cents per
51 pound **for qualifying sale weights under six hundred pounds and twenty-five**
52 **cents per pound for qualifying sale weights of six hundred pounds or**
53 **greater**, shall be based on the backgrounded weight of all qualifying beef animals at
54 the time of the first qualifying sale, and shall be calculated as follows:

55 (a) **If the qualifying sale weight is under six hundred pounds**, the
56 qualifying sale weight minus the baseline weight multiplied by ten cents, as long as
57 the qualifying sale weight is equal to or greater than [two] **one** hundred pounds

58 above the baseline weight; or

59 **(b) If the qualifying sale weight is six hundred pounds or greater,**
60 **the qualifying sale weight minus the baseline weight multiplied by twenty-**
61 **five cents, as long as the qualifying sale weight is equal to or greater than**
62 **one hundred pounds above the baseline weight.**

63 **(2) The tax credit amount for each subsequent qualifying sale shall be ten**
64 **cents per pound for qualifying sale weights under six hundred pounds and**
65 **twenty-five cents per pound for qualifying sale weights of six hundred**
66 **pounds or greater, shall be based on the backgrounded weight of all qualifying beef**
67 **animals at the time of the subsequent qualifying sale, and shall be calculated as**
68 **follows:**

69 **(a) If the qualifying sale weight is under six hundred pounds, the**
70 **qualifying sale weight minus the baseline weight multiplied by ten cents, as long as**
71 **the qualifying sale weight is equal to or greater than [two] one hundred pounds**
72 **above the baseline weight; or**

73 **(b) If the qualifying sale weight is six hundred pounds or greater,**
74 **the qualifying sale weight minus the baseline weight multiplied by twenty-**
75 **five cents, as long as the qualifying sale weight is equal to or greater than**
76 **one hundred pounds above the baseline weight.**

77 The authority may waive no more than twenty-five percent of the [two hundred
78 pound] **one-hundred-pound** weight gain requirement, but any such waiver shall be
79 based on a disaster declaration issued by the U. S. Department of Agriculture.

80 4. The amount of the tax credit claimed shall not exceed the amount of the
81 taxpayer's state tax liability for the [taxable] **tax** year for which the credit is claimed.
82 No tax credit claimed under this section shall be refundable. The tax credit shall be
83 claimed in the [taxable] **tax** year in which the qualifying sale of the qualifying beef
84 occurred, but any amount of credit that the taxpayer is prohibited by this section from
85 claiming in a [taxable] **tax** year may be carried forward to any of the taxpayer's five
86 subsequent [taxable] **tax** years and carried backward to any of the taxpayer's three
87 previous [taxable] **tax** years. **The total amount of tax credits that any taxpayer**
88 **may claim shall not exceed ten thousand dollars per year. No taxpayer**
89 **shall be allowed to claim tax credits under this section for more than three**
90 **years.** The amount of tax credits that may be issued to all eligible applicants
91 claiming tax credits authorized in this section, **section 135.684, and section**
92 **135.686** in a [fiscal] **calendar** year shall not exceed three million dollars. Tax
93 credits shall be issued on an as-received application basis until the [fiscal] **calendar**
94 year limit is reached. Any credits not issued in any [fiscal] **calendar** year shall
95 expire and shall not be issued in any subsequent years.

96 5. To claim the tax credit allowed under this section, the taxpayer shall
97 submit to the authority an application for the tax credit on a form provided by the
98 authority and any application fee imposed by the authority. The application shall be
99 filed with the authority at the end of each calendar year in which a qualified sale was
100 made and for which a tax credit is claimed under this section. The application shall
101 include any certified documentation and information required by the authority. All
102 required information obtained by the authority shall be confidential and not disclosed
103 except by court order, subpoena, or as otherwise provided by law. If the taxpayer and
104 the qualified sale meet all criteria required by this section and approval is granted by
105 the authority, the authority shall issue a tax credit certificate in the appropriate
106 amount. Tax credit certificates issued under this section may be assigned,
107 transferred, sold, or otherwise conveyed, and the new owner of the tax credit
108 certificate shall have the same rights in the tax credit as the original
109 taxpayer. Whenever a tax credit certificate is assigned, transferred, sold or otherwise
110 conveyed, a notarized endorsement shall be filed with the authority specifying the
111 name and address of the new owner of the tax credit certificate or the value of the tax
112 credit.

113 6. Any information provided under this section shall be confidential
114 information, to be shared with no one except state and federal animal health officials,
115 except as provided in subsection 5 of this section.

116 7. The authority may promulgate rules to implement the provisions of this
117 section. Any rule or portion of a rule, as that term is defined in section 536.010, that
118 is created under the authority delegated in this section shall become effective only if
119 it complies with and is subject to all of the provisions of chapter 536 and, if
120 applicable, section 536.028. This section and chapter 536 are nonseverable and if any
121 of the powers vested with the general assembly pursuant to chapter 536 to review, to
122 delay the effective date, or to disapprove and annul a rule are subsequently held
123 unconstitutional, then the grant of rulemaking authority and any rule proposed or
124 adopted after August 28, 2007, shall be invalid and void.

125 8. This section shall not be subject to the Missouri sunset act, sections 23.250
126 to 23.298.

135.684. 1. This section shall be known and may be cited as the
2 **"Livestock Risk Protection Tax Credit Act".**

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

4 **(1) "Agricultural property", any real and personal property including,**
5 **but not limited to, buildings, structures, improvements, equipment, and**
6 **livestock that is used in or is to be used in this state by residents of this**
7 **state for:**

- 8 (a) The operation of a farm or ranch; and
- 9 (b) Grazing, feeding, or the care of livestock;
- 10 (2) "Authority", the agricultural and small business development
- 11 authority established in chapter 348;
- 12 (3) "Fed cattle", steers or heifers owned by the taxpayer with
- 13 expected ending weights of one thousand pounds or greater and under one
- 14 thousand four hundred pounds at the end of the insurance period;
- 15 (4) "Feeder cattle", calves, steers, heifers, predominantly Brahman,
- 16 or predominantly dairy cattle owned by the taxpayer with expected ending
- 17 weights of six hundred pounds or greater and under nine hundred pounds
- 18 at the end of the insurance period;
- 19 (5) "Livestock risk protection", an insurance product administered
- 20 by the Risk Management Agency (RMA) of the United States Department of
- 21 Agriculture and purchased through an RMA-approved livestock insurance
- 22 agent to insure against declining market prices for certain livestock;
- 23 (6) "Tax credit", a credit against the tax otherwise due under chapter
- 24 143, excluding withholding tax imposed under sections 143.191 to 143.265,
- 25 or otherwise due under chapter 147;
- 26 (7) "Taxpayer", any individual or entity who:
- 27 (a) Is subject to the tax imposed under chapter 143, excluding
- 28 withholding tax imposed under sections 143.191 to 143.265, or the tax
- 29 imposed under chapter 147;
- 30 (b) In the case of an individual, is a resident of this state as verified
- 31 by a 911 address or in the absence of a 911 system, a physical address; and
- 32 (c) Owns or rents agricultural property and whose principal place
- 33 of business is located in this state.
- 34 3. For all tax years beginning on or after January 1, 2017, but ending
- 35 on or before December 31, 2023, a taxpayer shall be allowed a tax credit for
- 36 the purchase of livestock risk protection insurance for feeder cattle or fed
- 37 cattle. The tax credit amount shall be equal to fifty percent of the cost of
- 38 the livestock risk protection premiums paid by the taxpayer in a given
- 39 year. No taxpayer shall be allowed to claim a tax credit under this section
- 40 and section 135.679 in the same calendar year.
- 41 4. The amount of the tax credit claimed shall not exceed the amount
- 42 of the taxpayer's state tax liability for the tax year for which the credit is
- 43 claimed. No tax credit claimed under this section shall be refundable. The
- 44 tax credit shall be claimed in the tax year in which the livestock risk
- 45 protection insurance is purchased, but any amount of credit that the

46 taxpayer is prohibited by this section from claiming in a tax year may be
47 carried forward to any of the taxpayer's five subsequent tax years and
48 carried backward to any of the taxpayer's three previous tax years. The
49 total amount of tax credits that any taxpayer may claim shall not exceed
50 ten thousand dollars per year. No taxpayer shall be allowed to claim tax
51 credits under this section for more than three years. The amount of tax
52 credits authorized in this section, section 135.679, and section 135.686 in a
53 calendar year shall not exceed three million dollars. Tax credits shall be
54 issued on an as-received application basis until the calendar year limit is
55 reached. Any credits not issued in any calendar year shall expire and shall
56 not be issued in any subsequent year.

57 5. To claim the tax credit allowed under this section, the taxpayer
58 shall submit to the authority an application for the tax credit on a form
59 provided by the authority and any application fee imposed by the
60 authority. The application shall be filed with the authority at the end of
61 each calendar year in which a livestock risk protection insurance policy
62 was purchased and for which a tax credit is claimed under this
63 section. The application shall include any certified documentation, proof
64 of livestock risk protection coverage, and any other information required
65 by the authority. All required information obtained by the authority shall
66 be confidential and not disclosed except by court order, subpoena, or as
67 otherwise provided by law. If the taxpayer and the livestock risk
68 protection insurance meet all criteria required by this section and approval
69 is granted by the authority, the authority shall issue a tax credit certificate
70 in the appropriate amount. Tax credit certificates issued under this section
71 may be assigned, transferred, sold, or otherwise conveyed, and the new
72 owner of the tax credit certificate shall have the same rights in the tax
73 credit as the original taxpayer. If a tax credit certificate is assigned,
74 transferred, sold, or otherwise conveyed, a notarized endorsement shall be
75 filed with the authority specifying the name and address of the new owner
76 of the tax credit certificate and the value of the tax credit.

77 6. Any information provided under this section shall be confidential
78 information, to be shared with no one except state and federal animal
79 health officials, except as provided in subsection 5 of this section.

80 7. The authority may promulgate rules to implement the provisions
81 of this section. Any rule or portion of a rule, as that term is defined in
82 section 536.010, that is created under the authority delegated in this section
83 shall become effective only if it complies with and is subject to all of the

84 provisions of chapter 536 and, if applicable, section 536.028. This section
85 and chapter 536 are nonseverable, and if any of the powers vested with the
86 general assembly pursuant to chapter 536 to review, to delay the effective
87 date, or to disapprove and annul a rule are subsequently held
88 unconstitutional, then the grant of rulemaking authority and any rule
89 proposed or adopted after August 28, 2016, shall be invalid and void.

90 8. This section shall not be subject to the Missouri sunset act,
91 sections 23.250 to 23.298.

135.686. 1. This section shall be known and may be cited as the
2 "Meat Processing Facility Investment Tax Credit Act".

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

4 (1) "Authority", the agricultural and small business development
5 authority established in chapter 348;

6 (2) "Meat processing facility", any commercial plant, as defined
7 under section 265.300, at which livestock are slaughtered or at which meat
8 or meat products are processed for sale commercially and for human
9 consumption;

10 (3) "Meat processing modernization or expansion", constructing,
11 improving, or acquiring buildings or facilities, or acquiring equipment for
12 meat processing including the following, if used exclusively for meat
13 processing and if acquired and placed in service in this state during tax
14 years beginning on or after January 1, 2017, but ending on or before
15 December 31, 2023:

16 (a) Building construction including livestock handling, product
17 intake, storage, and warehouse facilities;

18 (b) Building additions;

19 (c) Upgrades to utilities including water, electric, heat, refrigeration,
20 freezing, and waste facilities;

21 (d) Livestock intake and storage equipment;

22 (e) Processing and manufacturing equipment including cutting
23 equipment, mixers, grinders, sausage stuffers, meat smokers, curing
24 equipment, cooking equipment, pipes, motors, pumps, and valves;

25 (f) Packaging and handling equipment including sealing, bagging,
26 boxing, labeling, conveying, and product movement equipment;

27 (g) Warehouse equipment including storage and curing racks;

28 (h) Waste treatment and waste management equipment including
29 tanks, blowers, separators, dryers, digesters, and equipment that uses waste
30 to produce energy, fuel, or industrial products;

31 (i) Computer software and hardware used for managing the
32 claimant's meat processing operation including software and hardware
33 related to logistics, inventory management, production plant controls, and
34 temperature monitoring controls; and

35 (j) Construction or expansion of retail facilities or the purchase or
36 upgrade of retail equipment for the commercial sale of meat products if the
37 retail facility is located at the same location as the meat processing facility.

38 (4) "Tax credit", a credit against the tax otherwise due under chapter
39 143, excluding withholding tax imposed under sections 143.191 to 143.265,
40 or otherwise due under chapter 147;

41 (5) "Taxpayer", any individual or entity who:

42 (a) Is subject to the tax imposed under chapter 143, excluding
43 withholding tax imposed under sections 143.191 to 143.265, or the tax
44 imposed under chapter 147;

45 (b) In the case of an individual, is a resident of this state as verified
46 by a 911 address or in the absence of a 911 system, a physical address; and

47 (c) Owns a meat processing facility located in this state;

48 (6) "Used exclusively", used to the exclusion of all other uses except
49 for use not exceeding five percent of total use.

50 3. For all tax years beginning on or after January 1, 2017, but ending
51 on or before December 31, 2023, a taxpayer shall be allowed a tax credit for
52 meat processing modernization or expansion related to the taxpayer's meat
53 processing facility. The tax credit amount shall be equal to twenty-five
54 percent of the amount the taxpayer paid in the tax year for meat processing
55 modernization or expansion.

56 4. The amount of the tax credit claimed shall not exceed the amount
57 of the taxpayer's state tax liability for the tax year for which the credit is
58 claimed. No tax credit claimed under this section shall be refundable. The
59 tax credit shall be claimed in the tax year in which the meat processing
60 modernization or expansion expenses were paid, but any amount of credit
61 that the taxpayer is prohibited by this section from claiming in a tax year
62 may be carried forward to any of the taxpayer's five subsequent tax years
63 and carried backward to any of the taxpayer's three previous tax
64 years. The total amount of tax credits that any taxpayer may claim shall
65 not exceed seventy-five thousand dollars per year. If two or more persons
66 own and operate the meat processing facility, each person may claim a
67 credit under this section in proportion to his or her ownership interest,
68 except that the aggregate amount of the credits claimed by all persons who

69 own and operate the meat processing facility shall not exceed seventy-five
70 thousand dollars per year. The amount of tax credits authorized in this
71 section, section 135.679, and section 135.684 in a calendar year shall not
72 exceed three million dollars. Tax credits shall be issued on an as-received
73 application basis until the calendar year limit is reached. Any credits not
74 issued in any calendar year shall expire and shall not be issued in any
75 subsequent year.

76 5. To claim the tax credit allowed under this section, the taxpayer
77 shall submit to the authority an application for the tax credit on a form
78 provided by the authority and any application fee imposed by the
79 authority. The application shall be filed with the authority at the end of
80 each calendar year in which a meat processing modernization or expansion
81 project was completed and for which a tax credit is claimed under this
82 section. The application shall include any certified documentation, proof
83 of meat processing modernization or expansion, and any other information
84 required by the authority. All required information obtained by the
85 authority shall be confidential and not disclosed except by court order,
86 subpoena, or as otherwise provided by law. If the taxpayer and the meat
87 processing modernization or expansion meet all criteria required by this
88 section and approval is granted by the authority, the authority shall issue
89 a tax credit certificate in the appropriate amount. Tax credit certificates
90 issued under this section may be assigned, transferred, sold, or otherwise
91 conveyed, and the new owner of the tax credit certificate shall have the
92 same rights in the tax credit as the original taxpayer. If a tax credit
93 certificate is assigned, transferred, sold, or otherwise conveyed, a notarized
94 endorsement shall be filed with the authority specifying the name and
95 address of the new owner of the tax credit certificate and the value of the
96 tax credit.

97 6. Any information provided under this section shall be confidential
98 information, to be shared with no one except state and federal animal
99 health officials, except as provided in subsection 5 of this section.

100 7. The authority may promulgate rules to implement the provisions
101 of this section. Any rule or portion of a rule, as that term is defined in
102 section 536.010, that is created under the authority delegated in this section
103 shall become effective only if it complies with and is subject to all of the
104 provisions of chapter 536 and, if applicable, section 536.028. This section
105 and chapter 536 are nonseverable, and if any of the powers vested with the
106 general assembly pursuant to chapter 536 to review, to delay the effective

107 **date, or to disapprove and annul a rule are subsequently held**
108 **unconstitutional, then the grant of rulemaking authority and any rule**
109 **proposed or adopted after August 28, 2016, shall be invalid and void.**

110 **8. This section shall not be subject to the Missouri sunset act,**
111 **sections 23.250 to 23.298.**

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