

## SENATE SUBSTITUTE

FOR

## SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 850

## AN ACT

To repeal section 262.900, RSMo, and to enact in lieu thereof three new sections relating to agricultural products.

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,  
AS FOLLOWS:

1           Section A. Section 262.900, RSMo, is repealed and three new  
2 sections enacted in lieu thereof, to be known as sections  
3 144.527, 208.018, and 262.900, to read as follows:

4           144.527. 1. In addition to the exemptions granted under  
5 this chapter, there shall also be specifically exempted from  
6 state and local sales and use taxes defined, levied, or  
7 calculated under section 32.085, sections 144.010 to 144.525,  
8 sections 144.600 to 144.761, and section 238.235 all sales of  
9 farm products sold at a farmers' market.

10          2. For purposes of this section "farm products" shall mean  
11 any fresh fruits, vegetables, mushrooms, nuts, shell eggs, honey  
12 or other bee products, maple syrup or maple sugar, flowers,  
13 nursery stock and other horticultural commodities, livestock food  
14 products, including meat, milk, cheese, and other dairy products,  
15 food products of "aquaculture", as defined in section 277.024,  
16 including fish, oysters, clams, mussels, and other molluscan  
17 shellfish taken from the waters of the state, products from any

1 tree, vine, or plant and other flowers, or any of the products  
2 listed in this subsection that have been processed by the  
3 participating farmer, including, but not limited to, baked goods  
4 made with farm products.

5 3. For purposes of this section "farmers' market" shall  
6 mean an individual farmer or a cooperative or nonprofit  
7 enterprise or association that consistently occupies a given site  
8 throughout the season, which operates principally as a common  
9 marketplace for an individual farmer or a group of farmers to  
10 sell farm products directly to consumers, and where the products  
11 sold are produced by the participating farmers with the sole  
12 intent and purpose of generating a portion of household income.

13 4. The provisions of this section do not apply to any  
14 person or entity with estimated total annual sales of twenty-five  
15 thousand dollars or more from participating in farmers' markets.

16 208.018. 1. Subject to federal approval, the department of  
17 social services shall establish a pilot program for the purpose  
18 of providing Supplemental Nutrition Assistance Program (SNAP)  
19 participants with access and the ability to afford fresh food  
20 when purchasing fresh food at farmers' markets. Under the pilot  
21 program, such participants shall be able to:

22 (1) Purchase fresh fruit, vegetables, meat, fish, poultry,  
23 eggs, and honey with SNAP benefits with an electronic benefit  
24 transfer (EBT) card; and

25 (2) Receive a dollar-for-dollar match for every SNAP dollar  
26 spent at a participating farmer's market or vending urban  
27 agricultural zone as defined in section 262.900 in an amount up  
28 to ten dollars per week whenever the participant purchases fresh

1 food with an EBT card.

2 2. Purchases of approved fresh food by SNAP participants  
3 under this section shall automatically trigger matching funds  
4 reimbursement into the vendor accounts by the department.

5 3. The funding of this pilot program shall be subject to  
6 appropriation. In addition to appropriations from the general  
7 assembly, the department may apply for available grants and shall  
8 be able to accept other gifts, grants, and donations to develop  
9 and maintain the program.

10 4. The department shall promulgate rules setting forth the  
11 procedures and methods of implementing this section. Any rule or  
12 portion of a rule, as that term is defined in section 536.010,  
13 that is created under the authority delegated in this section  
14 shall become effective only if it complies with and is subject to  
15 all of the provisions of chapter 536 and, if applicable, section  
16 536.028. This section and chapter 536 are nonseverable and if  
17 any of the powers vested with the general assembly pursuant to  
18 chapter 536 to review, to delay the effective date, or to  
19 disapprove and annul a rule are subsequently held  
20 unconstitutional, then the grant of rulemaking authority and any  
21 rule proposed or adopted after August 28, 2014, shall be invalid  
22 and void.

23 5. Pursuant to section 23.253 of the Missouri sunset act:

24 (1) The provisions of this section shall sunset  
25 automatically six years after the effective date of this section  
26 unless reauthorized by an act of the general assembly; and

27 (2) If such program is reauthorized, the program authorized  
28 under this section shall sunset automatically twelve years after

1 the effective date of the reauthorization of this section; and

2 (3) This section shall terminate on September first of the  
3 calendar year immediately following the calendar year in which  
4 the program authorized under this section is sunset.

5 262.900. 1. As used in this section, the following terms  
6 mean:

7 (1) "Agricultural products", an agricultural,  
8 horticultural, viticultural, or vegetable product, growing of  
9 grapes that will be processed into wine, bees, honey, fish or  
10 other aquacultural product, planting seed, livestock, a livestock  
11 product, a forestry product, poultry or a poultry product, either  
12 in its natural or processed state, that has been produced,  
13 processed, or otherwise had value added to it in this state;

14 (2) "Blighted area", that portion of the city within which  
15 the legislative authority of such city determines that by reason  
16 of age, obsolescence, inadequate, or outmoded design or physical  
17 deterioration have become economic and social liabilities, and  
18 that such conditions are conducive to ill health, transmission of  
19 disease, crime or inability to pay reasonable taxes;

20 (3) "Department", the department of agriculture;

21 (4) "Domesticated animal", cattle, calves, sheep, swine,  
22 ratite birds including but not limited to ostrich and emu,  
23 llamas, alpaca, buffalo, elk documented as obtained from a legal  
24 source and not from the wild, goats, or horses, other equines, or  
25 rabbits raised in confinement for human consumption;

26 (5) "Grower UAZ", a type of UAZ:

27 (a) That can either grow produce, raise livestock, or  
28 produce other value-added agricultural products;

1           (b) That does not exceed fifty laying hens, six hundred  
2 fifty broiler chickens, or thirty domesticated animals;

3           (6) "Livestock", cattle, calves, sheep, swine, ratite birds  
4 including but not limited to ostrich and emu, aquatic products as  
5 defined in section 277.024, llamas, alpaca, buffalo, elk  
6 documented as obtained from a legal source and not from the wild,  
7 goats, or horses, other equines, or rabbits raised in confinement  
8 for human consumption;

9           (7) "Locally grown", a product that was grown or raised in  
10 the same county or city not within a county in which the UAZ is  
11 located or in an adjoining county or city not within a county.  
12 For a product raised or sold in a city not within a county,  
13 locally grown also includes an adjoining county with a charter  
14 form of government with more than nine hundred fifty thousand  
15 inhabitants and those adjoining said county;

16           (8) "Processing UAZ", a type of UAZ:

17           (a) That processes livestock [or], poultry, or produce for  
18 human consumption;

19           (b) That meets federal and state processing laws and  
20 standards;

21           (c) Is a qualifying small business approved by the  
22 department;

23           (9) "Meat", any edible portion of livestock or poultry  
24 carcass or part thereof;

25           (10) "Meat product", anything containing meat intended for  
26 or capable of use for human consumption, which is derived, in  
27 whole or in part, from livestock or poultry;

28           (11) "Mobile unit", the same as motor vehicle as defined in

1 section 301.010;

2 (12) "Poultry", any domesticated bird intended for human  
3 consumption;

4 **[(12)]** (13) "Qualifying small business", those enterprises  
5 which are established within an Urban Agricultural Zone  
6 subsequent to its creation, and which meet the definition  
7 established for the Small Business Administration and set forth  
8 in Section 121.301 of Part 121 of Title 13 of the Code of Federal  
9 Regulations;

10 **[(13)]** (14) "Value-added agricultural products", any  
11 product or products that are the result of:

12 (a) Using an agricultural product grown in this state to  
13 produce a meat or dairy product in this state;

14 (b) A change in the physical state or form of the original  
15 agricultural product;

16 (c) An agricultural product grown in this state which has  
17 had its value enhanced by special production methods such as  
18 organically grown products; or

19 (d) A physical segregation of a commodity or agricultural  
20 product grown in this state that enhances its value such as  
21 identity preserved marketing systems;

22 **[(14)]** (15) "Urban agricultural zone" or "UAZ", a zone  
23 within a metropolitan statistical area as defined by the United  
24 States Office of Budget and Management that has one or more of  
25 the following entities that is a qualifying small business and  
26 approved by the department, as follows:

27 (a) Any organization or person who grows produce or other  
28 agricultural products;

1 (b) Any organization or person that raises livestock or  
2 poultry;

3 (c) Any organization or person who processes livestock or  
4 poultry;

5 (d) Any organization that sells at a minimum seventy-five  
6 percent locally grown food;

7 [(15)] (16) "Vending UAZ", a type of UAZ:

8 (a) That sells produce, meat, or value-added locally grown  
9 agricultural goods;

10 (b) That is able to accept food stamps under the provisions  
11 of the Supplemental Nutrition Assistance Program as a form of  
12 payment; and

13 (c) Is a qualifying small business that is approved by the  
14 department for an UAZ vendor license.

15 2. (1) A person or organization shall submit to any  
16 incorporated municipality an application to develop an UAZ on a  
17 blighted area of land. Such application shall demonstrate or  
18 identify on the application:

19 (a) If the person or organization is a grower UAZ,  
20 processing UAZ, vending UAZ, or a combination of all three types  
21 of UAZs provided in this paragraph, in which case the person or  
22 organization shall meet the requirements of each type of UAZ in  
23 order to qualify;

24 (b) The number of jobs to be created;

25 (c) The types of products to be produced; and

26 (d) If applying for a vending UAZ, the ability to accept  
27 food stamps under the provisions of the Supplemental Nutrition  
28 Assistance Program if selling products to consumers.

1           (2) A municipality shall review and modify the application  
2 as necessary before either approving or denying the request to  
3 establish an UAZ.

4           (3) Approval of the UAZ by such municipality shall be  
5 reviewed five and ten years after the development of the UAZ.  
6 After twenty-five years, the UAZ shall dissolve.  
7 If the municipality finds during its review that the UAZ is not  
8 meeting the requirements set out in this section, the  
9 municipality may dissolve the UAZ.

10          3. The governing body of any municipality planning to seek  
11 designation of an urban agricultural zone shall establish an  
12 urban agricultural zone board. The number of members on the  
13 board shall be seven. One member of the board shall be appointed  
14 by the school district or districts located within the area  
15 proposed for designation of an urban agricultural zone. Two  
16 members of the board shall be appointed by other affected taxing  
17 districts. The remaining four members shall be chosen by the  
18 chief elected officer of the municipality. The four members  
19 chosen by the chief elected officer of the municipality shall all  
20 be residents of the county or city not within a county in which  
21 the UAZ is to be located, and at least one of such four members  
22 shall have experience in or represent organizations associated  
23 with sustainable agriculture, urban farming, community gardening,  
24 or any of the activities or products authorized by this section  
25 for UAZs.

26          4. The school district member and the two affected taxing  
27 district members shall each have initial terms of five years. Of  
28 the four members appointed by the chief elected official, two



1 shall have initial terms of four years, and two shall have  
2 initial terms of three years. Thereafter, members shall serve  
3 terms of five years. Each member shall hold office until a  
4 successor has been appointed. All vacancies shall be filled in  
5 the same manner as the original appointment. For inefficiency or  
6 neglect of duty or misconduct in office, a member of the board  
7 may be removed by the applicable appointing authority.

8 5. A majority of the members shall constitute a quorum of  
9 such board for the purpose of conducting business and exercising  
10 the powers of the board and for all other purposes. Action may  
11 be taken by the board upon a vote of a majority of the members  
12 present.

13 6. The members of the board annually shall elect a chair  
14 from among the members.

15 7. The role of the board shall be to conduct the activities  
16 necessary to advise the governing body on the designation of an  
17 urban agricultural zone and any other advisory duties as  
18 determined by the governing body. The role of the board after  
19 the designation of an urban agricultural zone shall be review and  
20 assessment of zone activities.

21 8. Prior to the adoption of an ordinance proposing the  
22 designation of an urban agricultural zone, the urban agricultural  
23 board shall fix a time and place for a public hearing and notify  
24 each taxing district located wholly or partially within the  
25 boundaries of the proposed urban agricultural zone. The board  
26 shall send, by certified mail, a notice of such hearing to all  
27 taxing districts and political subdivisions in the area to be  
28 affected and shall publish notice of such hearing in a newspaper

1 of general circulation in the area to be affected by the  
2 designation at least twenty days prior to the hearing but not  
3 more than thirty days prior to the hearing. Such notice shall  
4 state the time, location, date, and purpose of the hearing. At  
5 the public hearing any interested person or affected taxing  
6 district may file with the board written objections to, or  
7 comments on, and may be heard orally in respect to, any issues  
8 embodied in the notice. The board shall hear and consider all  
9 protests, objections, comments, and other evidence presented at  
10 the hearing. The hearing may be continued to another date  
11 without further notice other than a motion to be entered upon the  
12 minutes fixing the time and place of the subsequent hearing.

13 9. Following the conclusion of the public hearing required  
14 under subsection 8 of this section, the governing authority of  
15 the municipality may adopt an ordinance designating an urban  
16 agricultural zone.

17 10. The real property of the UAZ shall not be subject to  
18 assessment or payment of ad valorem taxes on real property  
19 imposed by the cities affected by this section, or by the state  
20 or any political subdivision thereof, for a period of up to  
21 twenty-five years as specified by ordinance under subsection 9 of  
22 this section, except to such extent and in such amount as may be  
23 imposed upon such real property during such period, as was  
24 determined by the assessor of the county in which such real  
25 property is located, or, if not located within a county, then by  
26 the assessor of such city, in an amount not greater than the  
27 amount of taxes due and payable thereon during the calendar year  
28 preceding the calendar year during which the urban agricultural

1 zone was designated. The amounts of such tax assessments shall  
2 not be increased during such period so long as the real property  
3 is used in furtherance of the activities provided under the  
4 provisions of subdivision (13) of subsection 1 of this section.  
5 At the conclusion of the period of abatement provided by the  
6 ordinance, the property shall then be reassessed. If only a  
7 portion of real property is used as an UAZ, then only that  
8 portion of real property shall be exempt from assessment or  
9 payment of ad valorem taxes on such property, as provided by this  
10 section.

11 11. If the water services for the UAZ are provided by the  
12 municipality, the municipality may authorize a grower UAZ to pay  
13 wholesale water rates. If available, for the cost of water  
14 consumed on the UAZ and pay fifty percent of the standard cost to  
15 hook onto the water source.

16 12. (1) Any local sales tax revenues received from the  
17 sale of agricultural products sold in the UAZ, or any local sales  
18 tax revenues received from the sale of agricultural products sold  
19 by a mobile unit associated with a vending UAZ, shall be  
20 deposited in the urban agricultural zone fund established in  
21 subdivision (2) of this subsection. An amount equal to one  
22 percent shall be retained by the director of revenue for deposit  
23 in the general revenue fund to offset the costs of collection.

24 (2) There is hereby created in the state treasury the  
25 "Urban Agricultural Zone Fund", which shall consist of money  
26 collected under subdivision (1) of this subsection. The state  
27 treasurer shall be custodian of the fund. In accordance with  
28 sections 30.170 and 30.180, the state treasurer may approve

1 disbursements. The fund shall be a dedicated fund and, upon  
2 appropriation, shall be used for the purposes authorized by this  
3 section. Notwithstanding the provisions of section 33.080 to the  
4 contrary, any moneys remaining in the fund at the end of the  
5 biennium shall not revert to the credit of the general revenue  
6 fund. The state treasurer shall invest moneys in the fund in the  
7 same manner as other funds are invested. Any interest and moneys  
8 earned on such investments shall be credited to the fund. Fifty  
9 percent of fund moneys shall be made available to school  
10 districts. The remaining fifty percent of fund moneys shall be  
11 allocated to municipalities that have urban agricultural zones  
12 based upon the municipality's percentage of local sales tax  
13 revenues deposited into the fund. The municipalities shall, upon  
14 appropriation, provide fund moneys to urban agricultural zones  
15 within the municipality for improvements. School districts may  
16 apply to the department for money in the fund to be used for the  
17 development of curriculum on or the implementation of urban  
18 farming practices under the guidance of the University of  
19 Missouri extension service and a certified vocational  
20 agricultural instructor. The funds are to be distributed on a  
21 competitive basis within the school district or districts in  
22 which the UAZ is located pursuant to rules to be promulgated by  
23 the department, with special consideration given to the relative  
24 number of students eligible for free and reduced-price lunches  
25 attending the schools within such district or districts.

26 13. Any rule or portion of a rule, as that term is defined  
27 in section 536.010, that is created under the authority delegated  
28 in this section shall become effective only if it complies with

1 and is subject to all of the provisions of chapter 536 and, if  
2 applicable, section 536.028. This section and chapter 536 are  
3 nonseverable and if any of the powers vested with the general  
4 assembly pursuant to chapter 536 to review, to delay the  
5 effective date, or to disapprove and annul a rule are  
6 subsequently held unconstitutional, then the grant of rulemaking  
7 authority and any rule proposed or adopted after August 28, 2013,  
8 shall be invalid and void.

9 14. The provisions of this section shall not apply to any  
10 county with a charter form of government and with more than three  
11 hundred thousand but fewer than four hundred fifty thousand  
12 inhabitants.