

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 864

AN ACT

To repeal sections 135.305, 135.686, 135.772, 135.775, 135.778, 135.1610, 137.1018, 348.436, 348.491, and 348.493, RSMo, and to enact in lieu thereof ten new sections relating to tax credits.

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

Section A. Sections 135.305, 135.686, 135.772, 135.775, 135.778, 135.1610, 137.1018, 348.436, 348.491, and 348.493, RSMo, are repealed and ten new sections enacted in lieu thereof, to be known as sections 135.305, 135.686, 135.772, 135.775, 135.778, 135.1210, 135.1610, 137.1018, 348.491, and 348.493, to read as follows:

135.305. A Missouri wood energy producer shall be eligible for a tax credit on taxes otherwise due under chapter 143, except sections 143.191 to 143.261, as a production incentive to produce processed wood products in a qualified wood-producing facility using Missouri forest product residue. The tax credit to the wood energy producer shall be five dollars per ton of processed material. The credit may be claimed for a period of five years and is to be a tax credit against the tax otherwise due. [No new tax credits, provided for under sections 135.300 to 135.311, shall be authorized after June 30, 2028.] In no event shall the aggregate amount of all tax credits allowed under sections 135.300 to 135.311 exceed six million dollars in any given fiscal year. There shall be no tax credits authorized under sections 135.300 to 135.311 unless an appropriation is made for such tax credits.

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

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

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

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

(3) "Meat processing modernization or expansion", constructing, improving, or acquiring buildings or facilities, or acquiring equipment for meat processing including the following, if used exclusively for meat processing and if acquired and placed in service in this state during tax years beginning on or after January 1, 2017[, but ending on or before December 31, 2028]:

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

(b) Building additions;

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

(d) Livestock intake and storage equipment;

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

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

(g) Warehouse equipment including storage and curing racks;

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

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

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

(4) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, or otherwise due under chapter 147 or 148;

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

(a) Is subject to the tax imposed under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, or the tax imposed under chapter 147 or 148;

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

(c) Owns a meat processing facility located in this state and employs a combined total of fewer than five hundred individuals in all meat processing facilities owned by the individual or entity in this country;

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

3. For all tax years beginning on or after January 1, 2017, [but ending on or before December 31, 2028,] a

taxpayer shall be allowed a tax credit for meat processing modernization or expansion related to the taxpayer's meat processing facility. The tax credit amount shall be equal to twenty-five percent of the amount the taxpayer paid in the tax year for meat processing modernization or expansion.

4. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state tax liability for the tax year for which the credit is claimed. No tax credit claimed under this section shall be refundable. The tax credit shall be claimed in the tax year in which the meat processing modernization or expansion expenses were paid, but any amount of credit that the taxpayer is prohibited by this section from claiming in a tax year may be carried forward to any of the taxpayer's four subsequent tax years. The total amount of tax credits that any taxpayer may claim shall not exceed seventy-five thousand dollars per year. If two or more persons own and operate the meat processing facility, each person may claim a credit under this section in proportion to such person's ownership interest; except that, the aggregate amount of the credits claimed by all persons who own and operate the meat processing facility shall not exceed seventy-five thousand dollars per year. The amount of tax credits authorized in this section in a calendar year shall not exceed two million dollars. Tax credits shall be issued on an as-received application basis until the calendar year limit is reached. Any credits not issued in any calendar year shall expire and shall not be issued in any subsequent year.

5. To claim the tax credit allowed under this section, the taxpayer shall submit to the authority an application for the tax credit on a form provided by the authority and any application fee imposed by the authority. The application shall be filed with the authority at the end of

each calendar year in which a meat processing modernization or expansion project was completed and for which a tax credit is claimed under this section. The application shall include any certified documentation, proof of meat processing modernization or expansion, and any other information required by the authority. All required information obtained by the authority shall be confidential and not disclosed except by court order, subpoena, or as otherwise provided by law. If the taxpayer and the meat processing modernization or expansion meet all criteria required by this section and approval is granted by the authority, the authority shall issue a tax credit certificate in the appropriate amount. Tax credit certificates issued under this section may be assigned, transferred, sold, or otherwise conveyed, and the new owner of the tax credit certificate shall have the same rights in the tax credit as the original taxpayer. If a tax credit certificate is assigned, transferred, sold, or otherwise conveyed, a notarized endorsement shall be filed with the authority specifying the name and address of the new owner of the tax credit certificate and the value of the tax credit.

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

7. The authority shall promulgate rules establishing a process for verifying that a facility's modernization or expansion for which tax credits were allowed under this section has in fact expanded the facility's production within three years of the issuance of the tax credit and if not, the authority shall promulgate through rulemaking a

process by which the taxpayer shall repay the authority an amount equal to that of the tax credit allowed.

8. The authority shall, at least annually, submit a report to the Missouri general assembly reviewing the costs and benefits of the program established under this section.

9. The authority may promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2016, shall be invalid and void.

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

135.772. 1. For the purposes of this section, the following terms shall mean:

- (1) "Department", the Missouri department of revenue;
- (2) "Distributor", a person, firm, or corporation doing business in this state that:
 - (a) Produces, refines, blends, compounds, or manufactures motor fuel;
 - (b) Imports motor fuel into the state; or
 - (c) Is engaged in distribution of motor fuel;
- (3) "Higher ethanol blend", a fuel capable of being dispensed directly into motor vehicle fuel tanks for consumption that is comprised of at least fifteen percent but not more than eighty-five percent ethanol;

(4) "Retail dealer", a person, firm, or corporation doing business in this state that owns or operates a retail service station in this state;

(5) "Retail service station", a location in this state from which higher ethanol blend is sold to the general public and is dispensed directly into motor vehicle fuel tanks for consumption.

2. For all tax years beginning on or after January 1, 2023, a retail dealer that sells higher ethanol blend at such retail dealer's retail service station or a distributor that sells higher ethanol blend directly to the final user located in this state shall be allowed a tax credit to be taken against the retail dealer's or distributor's state income tax liability. The amount of the credit shall equal five cents per gallon of higher ethanol blend sold by the retail dealer and dispensed through metered pumps at the retail dealer's retail service station or by a distributor directly to the final user located in this state during the tax year for which the tax credit is claimed. For any retail dealer or distributor with a tax year beginning prior to January 1, 2023, but ending during the 2023 calendar year, such retail dealer or distributor shall be allowed a tax credit for the amount of higher ethanol blend sold during the portion of such tax year that occurs during the 2023 calendar year. Tax credits authorized pursuant to this section shall not be transferred, sold, or assigned. If the amount of the tax credit exceeds the taxpayer's state tax liability, the difference shall not be refundable but may be carried forward to any of the five subsequent tax years. The total amount of tax credits issued pursuant to this section for any given fiscal year shall not exceed five million dollars.

3. In the event the total amount of tax credits claimed under this section exceeds the amount of available tax credits, the tax credits shall be apportioned among all eligible retail dealers and distributors claiming a tax credit by April fifteenth, or as directed by section 143.851, of the fiscal year in which the tax credit is claimed.

4. The tax credit allowed by this section shall be claimed by such taxpayer at the time such taxpayer files a return and shall be applied against the income tax liability imposed by chapter 143, excluding the withholding tax imposed by sections 143.191 to 143.265, after reduction for all other credits allowed thereon. The department may require any documentation it deems necessary to implement the provisions of this section.

5. The department shall promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after January 2, 2023, shall be invalid and void.

[6. Under section 23.253 of the Missouri sunset act:

(1) The provisions of this section shall automatically sunset on December 31, 2028, unless reauthorized by an act of the general assembly; and

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

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

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

(1) "Biodiesel blend", a blend of diesel fuel and biodiesel fuel of at least five percent and not more than twenty percent for on-road [and] or off-road diesel-fueled vehicle use;

(2) "Biodiesel fuel", a renewable, biodegradable, mono alkyl ester combustible liquid fuel that is derived from agricultural and other plant oils or animal fats and that meets the most recent version of the ASTM International D6751 Standard Specification for Biodiesel Fuel Blend Stock. A fuel shall be deemed to be biodiesel fuel if the fuel consists of a pure B100 or B99 ratio. Biodiesel produced from palm oil is not biodiesel fuel for the purposes of this section unless the palm oil is contained within waste oil and grease collected within the United States;

(3) "B99", a blend of ninety-nine percent biodiesel fuel that meets the most recent version of the ASTM International D6751 Standard Specification for Biodiesel Fuel Blend Stock with a minimum of one-tenth of one percent and maximum of one percent diesel fuel that meets the most recent version of the ASTM International D975 Standard Specification for Diesel Fuel;

(4) "Department", the Missouri department of revenue;

(5) "Distributor", a person, firm, or corporation doing business in this state that:

(a) Produces, refines, blends, compounds, or manufactures motor fuel;

(b) Imports motor fuel into the state; or

(c) Is engaged in distribution of motor fuel;

(6) "Retail dealer", a person, firm, or corporation doing business in this state that owns or operates a retail service station in this state;

(7) "Retail service station", a location in this state from which biodiesel blend is sold to the general public and is dispensed directly into motor vehicle fuel tanks for consumption at retail.

2. For all tax years beginning on or after January 1, 2023, a retail dealer that sells a biodiesel blend at a retail service station or a distributor that sells a biodiesel blend directly to the final user located in this state shall be allowed a tax credit to be taken against the retail dealer or distributor's state income tax liability. For any retail dealer or distributor with a tax year beginning prior to January 1, 2023, but ending during the 2023 calendar year, such retail dealer or distributor shall be allowed a tax credit for the amount of biodiesel blend sold during the portion of such tax year that occurs during the 2023 calendar year. The amount of the credit shall be equal to:

(1) Two cents per gallon of biodiesel blend of at least five percent but not more than ten percent sold by the retail dealer at a retail service station or by a distributor directly to the final user located in this state during the tax year for which the tax credit is claimed; and

(2) Five cents per gallon of biodiesel blend in excess of ten percent but not more than twenty percent sold by the

retail dealer at a retail service station or by a distributor directly to the final user located in this state during the tax year for which the tax credit is claimed.

3. Tax credits authorized under this section shall not be transferred, sold, or assigned. If the amount of the tax credit exceeds the taxpayer's state tax liability, the difference shall be refundable. The total amount of tax credits issued under this section for any given fiscal year shall not exceed sixteen million dollars.

4. In the event the total amount of tax credits claimed under this section exceeds the amount of available tax credits, the tax credits shall be apportioned among all eligible retail dealers and distributors claiming a tax credit by April fifteenth, or as directed by section 143.851, of the fiscal year in which the tax credit is claimed.

5. The tax credit allowed by this section shall be claimed by such taxpayer at the time such taxpayer files a return and shall be applied against the income tax liability imposed by chapter 143, excluding the withholding tax imposed by sections 143.191 to 143.265, after reduction for all other credits allowed thereon. The department may require any documentation it deems necessary to administer the provisions of this section.

6. Notwithstanding the provisions of section 32.057 to the contrary, the department may work with the division of weights and measures within the department of agriculture to validate that the biodiesel blend a retail dealer or distributor claims for the tax credit authorized under this section contains a sufficient percentage of biodiesel fuel.

7. In the event a taxpayer is denied part or all of a tax credit to which the taxpayer has qualified pursuant to any provision of law due to lack of available funds, and

such denial causes a balance-due notice to be generated by the department of revenue or any other redeeming agency, a taxpayer shall not be held liable for any penalty or interest on such balance due, provided the balance is paid or approved payment arrangements have been made within sixty days from the notice of denial. Any payments not timely made pursuant to this section shall be subject to penalty and interest pursuant to this chapter.

8. The department shall promulgate rules to implement and administer the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created pursuant to the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after January 2, 2023, shall be invalid and void.

[8. Under section 23.253 of the Missouri sunset act:

(1) The provisions of the new program authorized under this section shall automatically sunset on December 31, 2028, unless reauthorized by an act of the general assembly;

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

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

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

135.778. 1. For the purposes of this section, the following terms shall mean:

(1) "Biodiesel fuel", a renewable, biodegradable, mono alkyl ester combustible liquid fuel that is derived from agricultural and other plant oils or animal fats and that meets the most recent version of the ASTM International D6751 Standard Specification for Biodiesel Fuel Blend Stock. A fuel shall be deemed to be biodiesel fuel if the fuel consists of a pure B100 or B99 ratio. Biodiesel produced from palm oil is not biodiesel fuel for the purposes of this section unless the palm oil is contained within waste oil and grease collected within the United States;

(2) "B99", a blend of ninety-nine percent biodiesel fuel that meets the most recent version of the ASTM International D6751 Standard Specification for Biodiesel Fuel Blend Stock with a minimum of one-tenth of one percent and maximum of one percent diesel fuel that meets the most recent version of the ASTM International D975 Standard Specification for Diesel Fuel;

(3) "Department", the Missouri department of revenue;

(4) "Missouri biodiesel producer", a person, firm, or corporation doing business in this state that produces biodiesel fuel in this state, is registered with the United

States Environmental Protection Agency according to the requirements of 40 CFR Part 79, and has begun construction on such facility or has been selling biodiesel fuel produced at such facility on or before January 2, 2023.

2. For all tax years beginning on or after January 1, 2023, a Missouri biodiesel producer shall be allowed a tax credit to be taken against the producer's state income tax liability. For any Missouri biodiesel producer with a tax year beginning prior to January 1, 2023, but ending during the 2023 calendar year, such Missouri biodiesel producer shall be allowed a tax credit for the amount of biodiesel fuel produced during the portion of such tax year that occurs during the 2023 calendar year. The amount of the tax credit shall be two cents per gallon of biodiesel fuel produced by the Missouri biodiesel producer during the tax year for which the tax credit is claimed.

3. Tax credits authorized under this section shall not be transferred, sold, or assigned. If the amount of the tax credit exceeds the taxpayer's state tax liability, the difference shall be refundable. The total amount of tax credits issued under this section for any given fiscal year shall not exceed five million five hundred thousand dollars, which shall be authorized on a first-come, first-served basis.

4. The tax credit authorized under this section shall be claimed by such taxpayer at the time such taxpayer files a return and shall be applied against the income tax liability imposed by chapter 143, excluding the withholding tax imposed by sections 143.191 to 143.265, after reduction for all other credits allowed thereon. The department may require any documentation it deems necessary to administer the provisions of this section.

5. The department shall promulgate rules to implement and administer the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created pursuant to the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after January 2, 2023, shall be invalid and void.

[6. Under section 23.253 of the Missouri sunset act:

(1) The provisions of the new program authorized under this section shall automatically sunset on December 31, 2028, unless reauthorized by an act of the general assembly;

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

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

and to enforce other requirements of law that applied before the program was sunset.】

135.1210. 1. As used in this section, the following terms mean:

(1) "Eligible customer", a person who uses any railroad or railroad-related property, facilities, or structures located wholly or partly within the state of Missouri to directly or indirectly transport property, commodities, or goods, or who is served by any railroad, or who stores railcars on any railroad in Missouri;

(2) "Eligible taxpayer":

(a) Any short line railroad company located wholly or partly in the state of Missouri that is classified by the United States Surface Transportation Board as a Class II or Class III railroad; or

(b) Any owner or lessee of a rail siding, industrial spur, or industry track located on or adjacent to any railroad in the state of Missouri;

and subject to the state income tax imposed under chapter 143, 147, or 148, excluding the withholding tax imposed under sections 143.191 to 143.265, who made qualified railroad track expenditures in Missouri or qualified new rail infrastructure expenditures in Missouri during the tax year for which a credit under this section is claimed;

(3) "Eligible vendor", a person who provides railroad-related services directly to an eligible taxpayer;

(4) "Person", the same meaning as defined under section 1.020;

(5) "Qualified amount", for any eligible taxpayer in a given tax year, an amount equal to fifty percent of an eligible taxpayer's qualified railroad track expenditures or

qualified new rail infrastructure expenditures, provided that:

(a) For qualified railroad track expenditures, the amount of tax credit shall not exceed an amount equal to the product of five thousand dollars multiplied by the number of miles of railroad track owned or leased in the state by a Class II or Class III railroad as of the close of the tax year; and

(b) For qualified new rail infrastructure expenditures, the amount of tax credit shall not exceed one million dollars for each new rail-served customer project of an eligible taxpayer;

(6) "Qualified new rail infrastructure expenditures", gross expenditures for new rail infrastructure by an eligible taxpayer, which includes the construction of new track infrastructure such as industrial leads, switches, spurs, sidings, rail loading docks, and transloading structures involved with servicing new customer locations or expansions by any railroad located in Missouri;

(7) "Qualified railroad expenditures", gross expenditures for maintenance, reconstruction, or replacement of railroad infrastructure, including track, roadbed, bridges, industrial leads and sidings, and track-related structures owned or leased by a Class II or Class III railroad located in Missouri. "Qualified railroad expenditures" does not include expenditures used to generate a federal tax credit or expenditures funded by a state or federal grant;

(8) "Railroad-related services", includes, but is not limited to, the following: transport of freight by rail; loading and unloading of freight transported by rail; railroad bridge services; railroad track construction; provision of railroad track material or equipment;

locomotive or freight train car leasing or rental; provision of railroad financial services, including banking or insurance; maintenance of a railroad's right-of-way, including vegetation control; and freight train car repair, rehabilitation, or remanufacturing repair services;

(9) "Tax credit", a credit against the tax otherwise due under chapter 143, 147, or 148, excluding withholding tax imposed under sections 143.191 to 143.265.

2. For all tax years beginning on or after January 1, 2027, an eligible taxpayer shall be allowed to claim a nonrefundable tax credit for qualified railroad track expenditures in Missouri or for qualified new rail infrastructure expenditures in Missouri against the taxpayer's state tax liability in an amount equal to the taxpayer's qualified amount.

3. An eligible taxpayer who seeks to claim a tax credit under this section shall submit a certificate of eligibility to the Missouri department of economic development after completion of the qualified railroad expenditures or qualified new rail infrastructure expenditures. The certificate shall include the number of miles of railroad track owned or leased in this state and a description of the amount of qualified railroad expenditures or qualified new rail infrastructure expenditures completed. The certificate shall be made on forms and in the manner prescribed by the department and considered in the order received.

4. If the department of economic development determines that the taxpayer meets the requirements to claim a tax credit under this section, the department may issue a certificate of eligibility to the eligible taxpayer. The certificate shall be numbered for identification and declare

its date of issuance and the amount of the tax credit allowed under this section.

5. (1) The cumulative amount of tax credits under this section authorized for qualified railroad track expenditures in this state shall not exceed four million five hundred thousand dollars per calendar year. If the amount of tax credits claimed in a calendar year under this section exceeds four million five hundred thousand dollars, tax credits shall be allowed based on the order in which they are claimed.

(2) The cumulative amount of tax credits under this section authorized for qualified new rail infrastructure expenditures in this state shall not exceed five million dollars per calendar year. If the amount of tax credits claimed in a calendar year under this section exceeds five million dollars, tax credits shall be allowed based on the order in which they are claimed.

6. Any unused portion of a tax credit allowed under this section may be carried forward for up to five subsequent tax years immediately following the tax year the credit was allowed.

7. (1) Subject to the requirements of this subsection, an eligible taxpayer who earns and is entitled to the credit or to an unused portion of the credit allowed by this section may transfer all or a portion of the unused credit by written agreement to any eligible customer, eligible vendor, or any taxpayer subject to tax imposed under chapter 143, 147, or 148, excluding withholding tax imposed under sections 143.191 to 143.265, at any time during the year in which the credit is earned and the five years following the year of the qualified expenditures. The taxpayer originally allowed the tax credit and the subsequent transferee shall jointly file a copy of the

written credit transfer agreement with the department of revenue. The agreement shall include the name, address, and taxpayer identification number of the parties to the transfer; the amount of the credit being transferred; the year the credit was originally allowed to the transferring taxpayer; and the tax year or years for which the credit may be claimed. In the event of such a transfer, the transferee may claim the credit on the transferee's income tax return originally filed during the calendar year in which the transfer takes place and in the case of carryover of the credit, on the transferee's returns for the number of years of carryover available to the transferor at the time of the transfer unless earlier exhausted.

(2) In the event that after the transfer the department of revenue determines that the amount of credit properly available under this section is less than the amount claimed by the transferor of the credit or that the credit is subject to recapture, the department shall assess the amount of overstated or recaptured credit as taxes due from the transferor and not the transferee. The assessment shall be made in the manner provided for a deficiency in taxes under state law.

8. The department of economic development shall prepare an annual report for the general assembly outlining tax credit transfers that take place each calendar year, listing the qualified railroad expenditures and qualified new rail infrastructure expenditures for each eligible taxpayer and a statement summarizing the investments made by the eligible taxpayer.

9. The department of economic development may promulgate rules governing the allowance of the income tax credit provided for in this section, including provisions for the verification of the timeliness of a claim, the

process and documentation required for the department of economic development to approve an income tax credit for qualified railroad expenditures or qualified new rail infrastructure expenditures, and any documentation that the department of economic development requires in order to determine that an eligible taxpayer, eligible customer, or eligible vendor meets the requirements of this section. In addition to other needed rules, the department of economic development may promulgate rules prescribing, in the case of S corporations, partnerships, trusts, or estates, a method of attributing the credit under this section to the shareholders, partners, or beneficiaries in proportion to their share of the income from the S corporation, partnership, trust, or estate.

10. The department of revenue and the department of economic development shall promulgate all necessary rules and regulations for the administration of this section including, but not limited to, rules relating to the verification of a taxpayer's qualified amount. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2026, shall be invalid and void.

11. Under section 23.253 of the Missouri sunset act:

(1) The provisions of the new program authorized under this section shall automatically sunset December thirty-

first six years after the effective date of this section, unless reauthorized by an act of the general assembly;

(2) If such program is reauthorized, the program authorized under this section shall automatically sunset December thirty-first twelve years after the effective date of the reauthorization of this section; and

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

135.1610. 1. As used in this section, the following terms mean:

(1) "Eligible expenses", expenses incurred in the construction or development of establishing or improving an urban farm in an urban area. The term eligible expenses shall not include any expense for labor or any expense incurred to grow medical marijuana or industrial hemp;

(2) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265;

(3) "Taxpayer", any individual, partnership, or corporation as described under section 143.441 or 143.471 that is subject to the tax imposed under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, or any charitable organization that is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under chapter 143;

(4) "Urban area", an urbanized area as defined by the United States Census Bureau;

(5) "Urban farm", an agricultural plot or facility in an urban area that produces agricultural food products used solely for distribution to the public by sale or donation. Urban farm shall include community-run gardens. Urban farm

shall not include personal farms or residential lots for personal use.

2. For all tax years beginning on or after January 1, 2023, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal to fifty percent of the taxpayer's eligible expenses for establishing or improving an urban farm that focuses on food production.

3. 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, and the taxpayer shall not be allowed to claim a tax credit under this section in excess of five thousand dollars for each urban farm. The total amount of tax credits that may be authorized for all taxpayers for eligible expenses incurred on any given urban farm shall not exceed twenty-five thousand dollars. Any issued tax credit that cannot be claimed in the tax year in which the eligible expenses were incurred may be carried over to the next three succeeding tax years until the full credit is claimed.

4. The total amount of tax credits that may be authorized under this section shall not exceed two hundred thousand dollars in any calendar year.

5. Tax credits issued under the provisions of this section shall not be transferred, sold, or assigned.

6. The Missouri agricultural and small business development authority shall recapture the amount of tax credits issued to any taxpayer who, after receiving such tax credit, uses the urban farm for the personal benefit of the taxpayer instead of for producing agricultural food products used solely for distribution to the public by sale or donation.

7. The Missouri agricultural and small business development authority may promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after January 2, 2023, shall be invalid and void.

[8. Under section 23.253 of the Missouri sunset act:

(1) The program authorized under this section shall automatically sunset on December 31, 2028, unless reauthorized by an act of the general assembly;

(2) If such program is reauthorized, the program authorized under this section shall automatically sunset on December thirty-first twelve years after the effective date of the reauthorization of this section;

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

(4) Nothing in this subsection shall prevent a taxpayer from claiming a tax credit properly issued before the program was sunset in a tax year after the program is sunset.]

137.1018. 1. The commission shall ascertain the statewide average rate of property taxes levied the preceding year, based upon the total assessed valuation of

the railroad and street railway companies and the total property taxes levied upon the railroad and street railway companies. It shall determine total property taxes levied from reports prescribed by the commission from the railroad and street railway companies. Total taxes levied shall not include revenues from the surtax on subclass three real property.

2. The commission shall report its determination of average property tax rate for the preceding year, together with the taxable distributable assessed valuation of each freight line company for the current year to the director no later than October first of each year.

3. Taxes on property of such freight line companies shall be collected at the state level by the director on behalf of the counties and other local public taxing entities and shall be distributed in accordance with sections 137.1021 and 137.1024. The director shall tax such property based upon the distributable assessed valuation attributable to Missouri of each freight line company, using the average tax rate for the preceding year of the railroad and street railway companies certified by the commission. Such tax shall be due and payable on or before December thirty-first of the year levied and, if it becomes delinquent, shall be subject to a penalty equal to that specified in section 140.100.

4. (1) As used in this subsection, the following terms mean:

(a) "Eligible expenses", expenses incurred in this state to manufacture, maintain, or improve a freight line company's qualified rolling stock;

(b) "Qualified rolling stock", any freight, stock, refrigerator, or other railcars subject to the tax levied under this section.

(2) For all taxable years beginning on or after January 1, 2009, a freight line company shall, subject to appropriation, be allowed a credit against the tax levied under this section for the applicable tax year. The tax credit amount shall be equal to the amount of eligible expenses incurred during the calendar year immediately preceding the tax year for which the credit under this section is claimed. The amount of the tax credit issued shall not exceed the freight line company's liability for the tax levied under this section for the tax year for which the credit is claimed.

(3) A freight line company may apply for the credit by submitting to the commission an application in the form prescribed by the state tax commission.

(4) Subject to appropriation, the state shall reimburse, on an annual basis, any political subdivision of this state for any decrease in revenue due to the provisions of this subsection.

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

(1) The program authorized under subsection 4 of this section shall expire on August 28, 2028; and

(2) Subsection 4 of this section shall terminate on September 1, 2029.]

348.491. 1. This section shall be known and may be cited as the "Specialty Agricultural Crops Act".

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

(1) "Authority", the Missouri agricultural and small business development authority created in section 348.020;

(2) "Family farmer", a farmer who is a Missouri resident and who has less than one hundred thousand dollars in agricultural sales per year;

(3) "Lender", the same definition as in section 348.015;

(4) "Specialty crop", fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops including, but not limited to, floriculture. Specialty crop shall not include medical marijuana or industrial hemp.

3. The authority shall establish a specialty agricultural crops loan program for family farmers for the purchase of specialty crop seeds, seedlings, or trees; soil amendments including compost; irrigation equipment; fencing; row covers; trellising; season extension equipment; refrigeration equipment; and equipment for planting and harvesting.

4. To participate in the loan program, a family farmer shall first obtain approval for a specialty agricultural crops loan from a lender. Each family farmer shall be eligible for only one specialty agricultural crops loan per family.

5. The maximum amount of the specialty agricultural crops loan for specialty crop producers shall be thirty-five thousand dollars.

6. Eligible borrowers under the program:

(1) Shall use the proceeds of the specialty agricultural crops loan to acquire the farming resources described in subsection 3 of this section;

(2) Shall not finance more than ninety percent of the anticipated cost of the purchase of such farming resources through the specialty agricultural crops loan; and

(3) Shall not be charged interest by the lender for the first year of the qualified specialty agricultural crops loan.

7. Upon approval of the specialty agricultural crops loan by a lender under subsection 4 of this section, the

loan shall be submitted for approval by the authority. The authority shall promulgate rules establishing eligibility under this section, taking into consideration:

- (1) The eligible borrower's ability to repay the specialty agricultural crops loan;
- (2) The general economic conditions of the area in which the farm is located;
- (3) The prospect of a financial return for the family farmer for the type of farming resource for which the specialty agricultural crops loan is sought; and
- (4) Such other factors as the authority may establish.

8. For eligible borrowers participating in the program, the authority shall be responsible for reviewing the purchase price of any farming resources to be purchased by an eligible borrower under the program to determine whether the price to be paid is appropriate for the type of farming resources purchased. The authority may impose a one-time loan review fee of one percent, which shall be collected by the lender at the time of the loan and paid to the authority.

9. Nothing in this section shall be construed to preclude a family farmer from participating in any other agricultural program.

10. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking

authority and any rule proposed or adopted after January 2, 2023, shall be invalid and void.

[11. Under section 23.253 of the Missouri sunset act:

(1) The provisions of the new program authorized under this section shall automatically sunset on December 31, 2028, unless reauthorized by an act of the general assembly; and

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

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

348.493. 1. As used in this section, "state tax liability" means any state tax liability incurred by a taxpayer under the provisions of chapter 143, 147, or 148, exclusive of the provisions relating to the withholding of tax as provided for in sections 143.191 to 143.265 and related provisions.

2. Any eligible lender under the specialty agricultural crops loan program under section 348.491 shall be entitled to receive a tax credit equal to one hundred percent of the amount of interest waived by the lender under section 348.491 on a qualifying loan for the first year of the loan only. The tax credit shall be evidenced by a certificate of tax credit issued by the Missouri agricultural and small business development authority and may be used to satisfy the state tax liability of the owner of such certificate that becomes due in the tax year in which the interest on a qualified loan is waived by the lender under section 348.491. No lender shall receive a tax credit under this section unless such lender presents a

certificate of tax credit to the department of revenue for payment of such state tax liability. The amount of the tax credits that may be issued to all eligible lenders claiming tax credits authorized in this section in a fiscal year shall not exceed three hundred thousand dollars.

3. The Missouri agricultural and small business development authority shall be responsible for the administration and issuance of the certificate of tax credits authorized by this section. The authority shall issue a certificate of tax credit at the request of any lender. Each request shall include a true copy of the loan documents, the name of the lender who is to receive a certificate of tax credit, the type of state tax liability against which the tax credit is to be used, and the amount of the certificate of tax credit to be issued to the lender based on the interest waived by the lender under section 348.491 on the loan for the first year.

4. The department of revenue shall accept a certificate of tax credit in lieu of other payment in such amount as is equal to the lesser of the amount of the tax or the remaining unused amount of the credit as indicated on the certificate of tax credit and shall indicate on the certificate of tax credit the amount of tax thereby paid and the date of such payment.

5. The following provisions shall apply to tax credits authorized under this section:

(1) Tax credits claimed in a tax year may be claimed on a quarterly basis and applied to the estimated quarterly tax of the lender;

(2) Any amount of tax credit that exceeds the tax due, including any estimated quarterly taxes paid by the lender under subdivision (1) of this subsection that result in an overpayment of taxes for a tax year, shall not be refunded

but may be carried over to any subsequent tax year, not to exceed a total of three years for which a tax credit may be taken for a qualified specialty agricultural crops loan;

(3) Notwithstanding any provision of law to the contrary, a lender may assign, transfer, sell, or otherwise convey tax credits authorized under this section, with the new owner of the tax credit receiving the same rights in the tax credit as the lender. For any tax credits assigned, transferred, sold, or otherwise conveyed, a notarized endorsement shall be filed by the lender with the authority specifying the name and address of the new owner of the tax credit and the value of such tax credit; and

(4) Notwithstanding any other provision of this section to the contrary, any commercial bank may use tax credits created under this section as provided in section 148.064 and receive a net tax credit against taxes actually paid in the amount of the first year's interest on loans made under this section. If such first year tax credits reduce taxes due as provided in section 148.064 to zero, the remaining tax credits may be carried over as otherwise provided in this section and used as provided in section 148.064 in subsequent years.

[6. Under section 23.253 of the Missouri sunset act:

(1) The provisions of the new program authorized under this section shall automatically sunset on December 31, 2028, unless reauthorized by an act of the general assembly; and

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

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

[348.436. The provisions of sections 348.430 to 348.436 shall expire December 31, 2028.]