

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 2632
98TH GENERAL ASSEMBLY

5426H.03C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 135.679, 348.436, and 414.082, RSMo, and to enact in lieu thereof five new sections relating to the department of agriculture.

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

Section A. Sections 135.679, 348.436, and 414.082, RSMo, are repealed and five new sections enacted in lieu thereof, to be known as sections 135.679, 135.684, 135.686, 348.436, and 414.082, to read as follows: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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

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

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

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

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

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

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

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

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

43 3. For all [taxable] **tax** years beginning on or after January 1, 2009, but ending on or
44 before December 31, [2016] **2021**, a taxpayer shall be allowed a tax credit for the first qualifying
45 sale and for a subsequent qualifying sale of all qualifying beef animals.

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

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

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

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

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

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

70

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

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

88 5. To claim the tax credit allowed under this section, the taxpayer shall submit to the
89 authority an application for the tax credit on a form provided by the authority and any application

90 fee imposed by the authority. The application shall be filed with the authority at the end of each
91 calendar year in which a qualified sale was made and for which a tax credit is claimed under this
92 section. The application shall include any certified documentation and information required by
93 the authority. All required information obtained by the authority shall be confidential and not
94 disclosed except by court order, subpoena, or as otherwise provided by law. If the taxpayer and
95 the qualified sale meet all criteria required by this section and approval is granted by the
96 authority, the authority shall issue a tax credit certificate in the appropriate amount. Tax credit
97 certificates issued under this section may be assigned, transferred, sold, or otherwise conveyed,
98 and the new owner of the tax credit certificate shall have the same rights in the tax credit as the
99 original taxpayer. Whenever a tax credit certificate is assigned, transferred, sold or otherwise
100 conveyed, a notarized endorsement shall be filed with the authority specifying the name and
101 address of the new owner of the tax credit certificate or the value of the tax credit.

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

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

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

**135.684. 1. This section shall be known and may be cited as the "Livestock Risk
2 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, but not
5 limited to, buildings, structures, improvements, equipment, and livestock that is used in
6 or is to be used in this state by residents of this state for:**

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

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

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

11 (3) “Fed cattle”, steers or heifers owned by the taxpayer with expected ending
12 weights of one thousand pounds or greater and under one thousand four hundred pounds
13 at the end of the insurance period;

14 (4) “Feeder cattle”, calves, steers, heifers, predominantly Brahman, or
15 predominantly dairy cattle owned by the taxpayer with expected ending weights of six
16 hundred pounds or greater and under nine hundred pounds at the end of the insurance
17 period;

18 (5) “Livestock risk protection”, an insurance product administered by the Risk
19 Management Agency (RMA) of the United States Department of Agriculture and
20 purchased through an RMA-approved livestock insurance agent to insure against declining
21 market prices for certain livestock;

22 (6) “Tax credit”, a credit against the tax otherwise due under chapter 143,
23 excluding withholding tax imposed under sections 143.191 to 143.265, or otherwise due
24 under chapter 147;

25 (7) “Taxpayer”, any individual or entity who:

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

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

30 (c) Owns or rents agricultural property and whose principal place of business is
31 located in this state.

32 3. For all tax years beginning on or after January 1, 2017, but ending on or before
33 December 31, 2021, a taxpayer shall be allowed a tax credit for the purchase of livestock
34 risk protection insurance for feeder cattle or fed cattle. The tax credit amount shall be
35 equal to fifty percent of the cost of the livestock risk protection premiums paid by the
36 taxpayer in a given year. No taxpayer shall be allowed to claim a tax credit under this
37 section and section 135.679 in the same calendar year.

38 4. The amount of the tax credit claimed shall not exceed the amount of the
39 taxpayer’s state tax liability for the tax year for which the credit is claimed. No tax credit
40 claimed under this section shall be refundable. The tax credit shall be claimed in the tax
41 year in which the livestock risk protection insurance is purchased, but any amount of
42 credit that the taxpayer is prohibited by this section from claiming in a tax year may be
43 carried forward to any of the taxpayer’s five subsequent tax years and carried backward
44 to any of the taxpayer’s three previous tax years. The total amount of tax credits that any
45 taxpayer may claim shall not exceed ten thousand dollars per year. No taxpayer shall be
46 allowed to claim tax credits under this section for more than three years. The amount of

47 tax credits authorized in this section, section 135.679, and section 135.686 in a calendar
48 year shall not exceed three million dollars. Tax credits shall be issued on an as-received
49 application basis until the calendar year limit is reached. Any credits not issued in any
50 calendar year shall expire and shall not be issued in any subsequent year.

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

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

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

80 **8. This section shall not be subject to the Missouri sunset act, sections 23.250 to**
81 **23.298.**

135.686. 1. This section shall be known and may be cited as the “Meat Processing
2 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 authority
5 established in chapter 348;

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

9 (3) “Meat processing modernization or expansion”, constructing, improving, or
10 acquiring buildings or facilities, or acquiring equipment for meat processing including the
11 following, if used exclusively for meat processing and if acquired and placed in service in
12 this state during tax years beginning on or after January 1, 2017, but ending on or before
13 December 31, 2021:

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

16 (b) Building additions;

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

19 (d) Livestock intake and storage equipment;

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

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

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

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

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

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

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

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

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

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

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

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

46 3. For all tax years beginning on or after January 1, 2017, but ending on or before
47 December 31, 2021, a taxpayer shall be allowed a tax credit for meat processing
48 modernization or expansion related to the taxpayer's meat processing facility. The tax
49 credit amount shall be equal to twenty-five percent of the amount the taxpayer paid in the
50 tax year for meat processing modernization or expansion.

51 4. The amount of the tax credit claimed shall not exceed the amount of the
52 taxpayer's state tax liability for the tax year for which the credit is claimed. No tax credit
53 claimed under this section shall be refundable. The tax credit shall be claimed in the tax
54 year in which the meat processing modernization or expansion expenses were paid, but any
55 amount of credit that the taxpayer is prohibited by this section from claiming in a tax year
56 may be carried forward to any of the taxpayer's five subsequent tax years and carried
57 backward to any of the taxpayer's three previous tax years. The total amount of tax
58 credits that any taxpayer may claim shall not exceed seventy-five thousand dollars per
59 year. If two or more persons own and operate the meat processing facility, each person
60 may claim a credit under this section in proportion to his or her ownership interest; except
61 that, the aggregate amount of the credits claimed by all persons who own and operate the
62 meat processing facility shall not exceed seventy-five thousand dollars per year. The
63 amount of tax credits authorized in this section, section 135.679, and section 135.684 in a
64 calendar year shall not exceed three million dollars. Tax credits shall be issued on an as-
65 received application basis until the calendar year limit is reached. Any credits not issued
66 in any calendar year shall expire and shall not be issued in any subsequent year.

67 5. To claim the tax credit allowed under this section, the taxpayer shall submit to
68 the authority an application for the tax credit on a form provided by the authority and any
69 application fee imposed by the authority. The application shall be filed with the authority
70 at the end of each calendar year in which a meat processing modernization or expansion

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

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

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

96 **8. This section shall not be subject to the Missouri sunset act, sections 23.250 to**
97 **23.298.**

348.436. The provisions of sections 348.430 to 348.436 shall expire December 31,
2 [2016] **2021.**

414.082. 1. The fee for the inspection of gasoline, gasoline-alcohol blends, kerosene,
2 diesel fuel, heating oil, aviation turbine fuel, and other motor fuels under this chapter shall be
3 fixed by the director of revenue at a rate per barrel which will approximately yield revenue equal
4 to the expenses of administering this chapter; except that, until December 31, [1993, the rate
5 shall be one and one-half cents per barrel and beginning January 1, 1994, the fee shall not be less
6 than one and one-half cents per barrel nor exceed two and one-half] **2016, the rate shall not**
7 **exceed two and one-half cents per barrel, from January 1, 2017, through December 31,**

8 **2021, the rate shall not exceed four cents per barrel, and after January 1, 2022, the rate**
9 **shall not exceed five cents per barrel.**

10 2. Annually the director of the department of agriculture shall ascertain the total
11 expenses for administering sections 414.012 to 414.152 during the preceding year, and shall
12 forward a copy of such expenses to the director of revenue. The director of revenue shall fix the
13 inspection fee for the ensuing calendar year at such rate per barrel, within the limits established
14 by subsection 1 of this section, as will approximately yield revenue equal to the expenses of
15 administering sections 414.012 to 414.152 during the preceding calendar year and shall collect
16 the fees and deposit them in the state treasury to the credit of the "Petroleum Inspection Fund"
17 which is hereby created. Beginning July 1, 1988, all expenses of administering sections 414.012
18 to 414.152 shall be paid from appropriations made out of the petroleum inspection fund.

19 3. The unexpended balance in the fund at the end of each fiscal year shall not be
20 transferred to the general revenue fund of the state, and the provisions of section 33.080 relating
21 to the transfer of funds to the general revenue fund of the state by the state treasurer shall not
22 apply to this fund.

23 4. The state treasurer shall invest all sums in the petroleum inspection fund not needed
24 for current operating expenses in interest-bearing banking accounts or United States government
25 obligations in the manner provided by law. All yield, increment, gain, interest or income derived
26 from the investment of these sums shall accrue to the benefit of, and be deposited within the state
27 treasury to the credit of, the petroleum inspection fund.

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