

FIRST REGULAR SESSION

SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 354

101ST GENERAL ASSEMBLY

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1679S.02C

ADRIANE D. CROUSE, Secretary

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## AN ACT

To repeal sections 135.305, 135.686, 135.750, and 348.436, RSMo, and to enact in lieu thereof four new sections relating to tax credits.

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

Section A. Sections 135.305, 135.686, 135.750, and  
2 348.436, RSMo, are repealed and four new sections enacted in  
3 lieu thereof, to be known as sections 135.305, 135.686, 135.750,  
4 and 348.436, to read as follows:

135.305. A Missouri wood energy producer shall be  
2 eligible for a tax credit on taxes otherwise due under  
3 chapter 143, except sections 143.191 to 143.261, as a  
4 production incentive to produce processed wood products in a  
5 qualified wood-producing facility using Missouri forest  
6 product residue. The tax credit to the wood energy producer  
7 shall be five dollars per ton of processed material. The  
8 credit may be claimed for a period of five years and is to  
9 be a tax credit against the tax otherwise due. No new tax  
10 credits, provided for under sections 135.300 to 135.311,  
11 shall be authorized after June 30, **[2020] 2027**. In no event  
12 shall the aggregate amount of all tax credits allowed under  
13 sections 135.300 to 135.311 exceed six million dollars in  
14 any given fiscal year. There shall be no tax credits  
15 authorized under sections 135.300 to 135.311 unless an  
16 appropriation is made for such tax credits.

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

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, **[2021] 2027**:

(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;

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

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

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

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

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

51 (a) Is subject to the tax imposed under chapter 143,  
52 excluding withholding tax imposed under sections 143.191 to  
53 143.265, or the tax imposed under chapter 147;

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

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

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

62 3. For all tax years beginning on or after January 1,  
63 2017, but ending on or before December 31, **[2021] 2027**, a  
64 taxpayer shall be allowed a tax credit for meat processing

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

69 4. The amount of the tax credit claimed shall not  
70 exceed the amount of the taxpayer's state tax liability for  
71 the tax year for which the credit is claimed. No tax credit  
72 claimed under this section shall be refundable. The tax  
73 credit shall be claimed in the tax year in which the meat  
74 processing modernization or expansion expenses were paid,  
75 but any amount of credit that the taxpayer is prohibited by  
76 this section from claiming in a tax year may be carried  
77 forward to any of the taxpayer's four subsequent tax years.  
78 The total amount of tax credits that any taxpayer may claim  
79 shall not exceed seventy-five thousand dollars per year. If  
80 two or more persons own and operate the meat processing  
81 facility, each person may claim a credit under this section  
82 in proportion to his or her ownership interest; except that,  
83 the aggregate amount of the credits claimed by all persons  
84 who own and operate the meat processing facility shall not  
85 exceed seventy-five thousand dollars per year, **provided that**  
86 **the maximum amount of tax credits that may be authorized for**  
87 **meat processing modernization or expansion located in a**  
88 **county of the second, third, or fourth class shall be**  
89 **increased by ten percent.** The amount of tax credits  
90 authorized in this section and section 135.679 in a calendar  
91 year shall not exceed two million dollars. Tax credits  
92 shall be issued on an as-received application basis until  
93 the calendar year limit is reached. Any credits not issued  
94 in any calendar year shall expire and shall not be issued in  
95 any subsequent year.

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

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

127           7. The authority shall promulgate rules establishing a  
128 process for verifying that a facility's modernization or  
129 expansion for which tax credits were allowed under this  
130 section has in fact expanded the facility's production  
131 within three years of the issuance of the tax credit and if  
132 not, the authority shall promulgate through rulemaking a  
133 process by which the taxpayer shall repay the authority an  
134 amount equal to that of the tax credit allowed.

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

138           9. The authority may promulgate rules to implement the  
139 provisions of this section. Any rule or portion of a rule,  
140 as that term is defined in section 536.010, that is created  
141 under the authority delegated in this section shall become  
142 effective only if it complies with and is subject to all of  
143 the provisions of chapter 536 and, if applicable, section  
144 536.028. This section and chapter 536 are nonseverable and  
145 if any of the powers vested with the general assembly  
146 pursuant to chapter 536 to review, to delay the effective  
147 date, or to disapprove and annul a rule are subsequently  
148 held unconstitutional, then the grant of rulemaking  
149 authority and any rule proposed or adopted after August 28,  
150 2016, shall be invalid and void.

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

135.750. 1. **This act shall be referred to as the**  
2 **"Show Missouri Film and Digital Media Act".**

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

4           (1) "Highly compensated individual", any individual  
5 who receives compensation in excess of [one million] **two**

6 **hundred fifty thousand** dollars in connection with a single  
7 qualified film production project;

8 (2) "Qualified film production project", any film,  
9 video, commercial, or television production, as approved by  
10 the department of economic development and the office of the  
11 Missouri film commission, **that features a statement or logo**  
12 **designated by the department of economic development in the**  
13 **credits of the film indicating that the project was filmed**  
14 **in Missouri and** that is under thirty minutes in length with  
15 an expected in-state expenditure budget in excess of fifty  
16 thousand dollars[, ] or [that] is over thirty minutes in  
17 length with an expected in-state expenditure budget in  
18 excess of one hundred thousand dollars. Regardless of the  
19 production costs, "qualified film production project" shall  
20 not include any:

- 21 (a) News or current events programming;
- 22 (b) Talk show;
- 23 (c) Production produced primarily for industrial,  
24 corporate, or institutional purposes, and for internal use;
- 25 (d) Sports event or sports program;
- 26 (e) Gala presentation or awards show;
- 27 (f) Infomercial or any production that directly  
28 solicits funds;
- 29 (g) Political ad;
- 30 (h) Production that is considered obscene, as defined  
31 in section 573.010;

32 (3) "Qualifying **in-state** expenses", the sum of the  
33 total amount spent in this state for the following by a  
34 production company in connection with a qualified film  
35 production project:

- 36 (a) Goods and services leased or purchased by the  
37 production company. For goods with a purchase price of

38 twenty-five thousand dollars or more, the amount included in  
39 qualifying **in-state** expenses shall be the purchase price  
40 less the fair market value of the goods at the time the  
41 production is completed;

42 (b) Compensation and wages paid by the production  
43 company **to Missouri residents** on which the production  
44 company remitted withholding payments to the department of  
45 revenue under chapter 143. For purposes of this section,  
46 compensation and wages shall not include any amounts paid to  
47 a highly compensated individual;

48 (4) **"Qualifying out-of-state expenses", the sum of all**  
49 **compensation and wages paid by the production company to non-**  
50 **Missouri residents on which the production company remitted**  
51 **withholding payments to the department of revenue under**  
52 **chapter 143. For purposes of this section, compensation and**  
53 **wages shall not include any amounts paid to a highly**  
54 **compensated individual;**

55 (5) "Tax credit", a credit against the tax otherwise  
56 due under chapter 143, excluding withholding tax imposed by  
57 sections 143.191 to 143.265, or otherwise due under chapter  
58 148;

59 [(5)] (6) "Taxpayer", any individual, partnership, or  
60 corporation as described in section 143.441, 143.471, or  
61 section 148.370 that is subject to the tax imposed in  
62 chapter 143, excluding withholding tax imposed by sections  
63 143.191 to 143.265, or the tax imposed in chapter 148 or any  
64 charitable organization which is exempt from federal income  
65 tax and whose Missouri unrelated business taxable income, if  
66 any, would be subject to the state income tax imposed under  
67 chapter 143.

68 [2.] 3. (1) For all [taxable] **tax** years beginning on  
69 or after January 1, 1999, but ending on or before December



70 31, 2007, a taxpayer shall be granted a tax credit for up to  
71 fifty percent of the amount of investment in production or  
72 production-related activities in any film production project  
73 with an expected in-state expenditure budget in excess of  
74 three hundred thousand dollars.

75 **(2)** For all [taxable] **tax** years beginning on or after  
76 January 1, 2008, **but ending on or before November 28, 2013,**  
77 a taxpayer shall be allowed a tax credit for up to thirty-  
78 five percent of the amount of qualifying expenses in a  
79 qualified film production project.

80 **(3) (a)** For all **tax years beginning on or after**  
81 **January 1, 2021,** a taxpayer shall be allowed a tax credit  
82 **equal to twenty-five percent of qualifying in-state expenses**  
83 **and ten percent of qualifying out-of-state expenses. An**  
84 **additional five percent may be earned for both qualifying in-**  
85 **state expenses and qualifying out-of-state expenses if at**  
86 **least fifty percent of the qualified film production project**  
87 **is filmed in Missouri. An additional five percent may be**  
88 **earned for both qualifying in-state expenses and qualifying**  
89 **out-of-state expenses if the department of economic**  
90 **development determines that the script of the qualified film**  
91 **production project positively markets a city or region of**  
92 **the state, the entire state, or a tourist attraction located**  
93 **in the state.**

94 **(b)** The total dollar amount of tax credits authorized  
95 pursuant to paragraph (a) of this subsection shall be  
96 increased by ten percent for qualified film production  
97 projects located in a county of the second, third, or fourth  
98 class.

99 **(c)** Each film production company shall be limited to  
100 one qualified film production project per year. Activities  
101 qualifying a taxpayer for the tax credit pursuant to this

102 subsection shall be approved by the office of the Missouri  
103 film commission and the department of economic development.

104 [3.] 4. Taxpayers shall apply for the film production  
105 tax credit by submitting an application to the department of  
106 economic development, on a form provided by the department.  
107 As part of the application, the expected in-state  
108 expenditures of the qualified film production project shall  
109 be documented. In addition, the application shall include  
110 an economic impact statement, showing the economic impact  
111 from the activities of the film production project. Such  
112 economic impact statement shall indicate the impact on the  
113 region of the state in which the film production or  
114 production-related activities are located and on the state  
115 as a whole.

116 [4.] 5. For all [taxable] **tax** years ending on or  
117 before December 31, 2007, tax credits certified pursuant to  
118 subsection [2] 3 of this section shall not exceed one  
119 million dollars per taxpayer per year, and shall not exceed  
120 a total for all tax credits certified of one million five  
121 hundred thousand dollars per year. For all [taxable] **tax**  
122 years beginning on or after January 1, 2008, tax credits  
123 certified under subsection 1 of this section shall not  
124 exceed a total for all tax credits certified of four million  
125 five hundred thousand dollars per year. Taxpayers may carry  
126 forward unused credits for up to five tax periods, provided  
127 all such credits shall be claimed within ten tax periods  
128 following the tax period in which the film production or  
129 production-related activities for which the credits are  
130 certified by the department occurred.

131 [5.] 6. Notwithstanding any provision of law to the  
132 contrary, any taxpayer may sell, assign, exchange, convey or  
133 otherwise transfer tax credits allowed in subsection [2] 3

134 of this section. The taxpayer acquiring the tax credits may  
135 use the acquired credits to offset the tax liabilities  
136 otherwise imposed by chapter 143, excluding withholding tax  
137 imposed by sections 143.191 to 143.265, or chapter 148.  
138 Unused acquired credits may be carried forward for up to  
139 five tax periods, provided all such credits shall be claimed  
140 within ten tax periods following the tax period in which the  
141 film production or production-related activities for which  
142 the credits are certified by the department occurred.

143 [6.] 7. Under section 23.253 of the Missouri sunset  
144 act:

145 (1) The provisions of the [new] program authorized  
146 under this section shall automatically sunset [six years  
147 after November 28, 2007] **on December 31, 2027**, unless  
148 reauthorized by an act of the general assembly; and

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

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

348.436. The provisions of sections 348.430 to 348.436  
2 shall expire December 31, [2021] **2027**.

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