

SECOND REGULAR SESSION
[PERFECTED]
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1349
93RD GENERAL ASSEMBLY

Reported from the Committee on Agriculture Policy, February 23, 2006 with recommendation that House Committee Substitute for House Bill No. 1349 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(26)(f).

Reported from the Committee on Rules February 28, 2006 with recommendation that House Committee Substitute for House Bill No.1349 Do Pass with no time limit for debate.

Taken up for Perfection March 29, 2006. House Committee Substitute for House Bill No. 1349 ordered Perfected and printed.

STEPHEN S. DAVIS, Chief Clerk

3481L.04P

AN ACT

To amend chapter 348, RSMo, by adding thereto two new sections relating to the family farms act.

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

Section A. Chapter 348, RSMo, is amended by adding thereto two new sections, to be
2 known as sections 348.500 and 348.505, to read as follows:

**348.500. 1. This section shall be known and may be cited as the "Family Farms
2 Act".**

**3 2. As used in this section, "small farmer" means a farmer who is a Missouri
4 resident and who has less than two hundred fifty thousand dollars in gross sales per year.**

**5 3. The agricultural and small business development authority shall establish a
6 family farm breeding livestock loan program for small farmers for the purchase of beef
7 cattle, dairy cattle, sheep and goats, and swine only.**

**8 4. To participate in the loan program, a small farmer shall first obtain approval for
9 a family farm livestock loan from a lender as defined in section 348.015. Each small**

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.

10 farmer shall be eligible for only one family farm livestock loan per family and for only one
11 type of livestock.

12 5. The maximum amount of the family farm livestock loan for each type of livestock
13 shall be as follows:

14 (1) Seventy-five thousand dollars for beef cattle;

15 (2) Seventy-five thousand dollars for dairy cattle;

16 (3) Thirty-five thousand dollars for swine; and

17 (4) Thirty thousand dollars for sheep and goats.

18 6. Eligible borrowers under the program:

19 (1) Shall use the proceeds of the family farm loan to acquire breeding livestock;

20 (2) Shall not finance more than ninety percent of the anticipated cost of the
21 purchase of such livestock through the family farm livestock loan; and

22 (3) Shall not be charged interest by the lender, as defined in section 348.015, for the
23 first year of the qualified family farm livestock loan.

24 7. Upon approval of the family farm livestock loan by a lender under subsection
25 4 of this section, the loan shall be submitted for approval by the agriculture and small
26 business development authority. The authority shall promulgate rules establishing
27 eligibility under this section, taking into consideration:

28 (1) The eligible borrower's ability to repay the family farm livestock loan;

29 (2) The general economic conditions of the area in which the farm is located;

30 (3) The prospect of a financial return for the small farmer for the type of livestock
31 for which the family farm livestock loan is sought; and

32 (4) Such other factors as the authority may establish.

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

39 9. Nothing in this section shall preclude a small farmer from participating in any
40 other agricultural program.

41 10. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo,
42 that is created under the authority delegated in this section shall become effective only if
43 it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if
44 applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable
45 and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo,

46 to review, to delay the effective date, or to disapprove and annul a rule are subsequently
47 held unconstitutional, then the grant of rulemaking authority and any rule proposed or
48 adopted after August 28, 2006, shall be invalid and void.

348.505. 1. As used in this section, "state tax liability", any state tax liability
2 incurred by a taxpayer under the provisions of chapters 143, 147, and 148, RSMo,
3 exclusive of the provisions relating to the withholding of tax as provided for in sections
4 143.191 to 143.265, RSMo, and related provisions.

5 2. Any eligible lender under the family farm livestock loan program under section
6 348.500 shall be entitled to receive a tax credit equal to one hundred percent of the amount
7 of interest waived by the lender under section 348.500 on a qualifying loan for the first year
8 of the loan only. The tax credit shall be evidenced by a tax credit certificate issued by the
9 agriculture and small business development authority and may be used to satisfy the state
10 tax liability of the owner of such certificate that becomes due in the tax year in which the
11 interest on a qualified loan is waived by the lender under section 348.500. No lender may
12 receive a tax credit under this section unless such person presents a tax credit certificate
13 to the department of revenue for payment of such state tax liability.

14 3. The agriculture and small business development authority shall be responsible
15 for the administration and issuance of the certificate of tax credits authorized by this
16 section. The authority shall issue a certificate of tax credit at the request of any lender.
17 Each request shall include a true copy of the loan documents, the name of the lender who
18 is to receive a certificate of tax credit, the type of state tax liability against which the tax
19 credit is to be used, and the amount of the certificate of tax credit to be issued to the lender
20 based on the interest waived by the lender under section 348.500 on the loan for the first
21 year.

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

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

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

30 (2) Any amount of tax credit which exceeds the tax due, including any estimated
31 quarterly taxes paid by the lender under subdivision (1) of this subsection which results
32 in an overpayment of taxes for a taxable year, shall not be refunded but may be carried

33 over to any subsequent taxable year, not to exceed a total of three years for which a tax
34 credit may be taken for a qualified family farm livestock loan;

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

41 (4) Notwithstanding any other provision of this section to the contrary, any
42 commercial bank may use tax credits created under this section as provided in section
43 148.064, RSMo, and receive a net tax credit against taxes actually paid in the amount of
44 the first year's interest on loans made under this section. If such first year tax credits
45 reduce taxes due as provided in section 148.064, RSMo, to zero, the remaining tax credits
46 may be carried over as otherwise provided in this section and utilized as provided in
47 section 148.064, RSMo, in subsequent years.

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