

SECOND REGULAR SESSION

HOUSE BILL NO. 1349

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES LOEHNER (Sponsor), WALLACE, MYERS, MUNZLINGER, THRELKELD, PARSON, WITTE, DETHROW, BLACK, JONES, DONNELLY, WHORTON, SHOEMYER, HENKE, MAY, FISHER, DAY, HARRIS (110), SUTHERLAND, SELF, QUINN, BEHNEN AND SCHAD (Co-sponsors).

Read 1st time January 11, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

3481L.03I

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 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 Act".

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

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

4. To participate in the loan program, a small farmer shall first obtain approval for a family farm livestock loan from a lender as defined in section 348.015. Each small farmer shall be eligible for only one family farm livestock loan per family and for only one type of livestock.

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

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.

- 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 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.**

2 **348.505. 1. As used in this section, "state tax liability", any state tax liability**
3 **incurred by a taxpayer under the provisions of chapters 143, 147, and 148, RSMo,**
4 **exclusive of the provisions relating to the withholding of tax as provided for in sections**
5 **143.191 to 143.265, RSMo, and related provisions.**

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

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

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

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

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

31 **(2) Any amount of tax credit which exceeds the tax due, including any estimated**
32 **quarterly taxes paid by the lender under subdivision (1) of this subsection which results**
33 **in an overpayment of taxes for a taxable year, shall not be refunded but may be carried**
34 **over to any subsequent taxable year, not to exceed a total of three years for which a tax**
35 **credit may be taken for a qualified family farm livestock loan;**

36 **(3) Notwithstanding any provision of law to the contrary, a lender may assign,**
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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