

SECOND REGULAR SESSION

HOUSE BILL NO. 2574

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES SCHARNHORST (Sponsor) AND BIVINS (Co-sponsor).

Read 1st time April 1, 2008 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

5578L.02I

AN ACT

To repeal sections 135.300, 135.305, and 135.403, RSMo, and to enact in lieu thereof three new sections relating to tax credits for energy producers.

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

Section A. Sections 135.300, 135.305, and 135.403, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 135.300, 135.305, and 135.403, to read as follows:

135.300. As used in sections 135.300 to 135.311, unless the context requires otherwise, the following terms mean:

- (1) "Missouri forestry industry residue", any residue that results from normal timber harvest or production **or timber removal for purposes of development** to include slash, sawdust, shavings, edgings, slabs, leaves, bark, **wood residue from milling plants**, and timber thinnings from timber stand improvements;
- (2) "Processed wood products", wood pellets, cubes, flour, or any product that results from thermal, chemical, or mechanical processes that sufficiently alter the wood residue to be used as an energy source[. Hogged wood and chipped wood do not qualify as processed wood energy resources under sections 135.300 to 135.311];
- (3) "Wood energy producer", any person, firm or corporation who engages in the business of producing processed wood products, to be used as an energy source, from Missouri forest industry residues;

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 (4) "Wood energy producing facility", a Missouri facility using Missouri forest industry
15 residue to produce processed wood products **or generate alternative power without the use**
16 **of coal.**

135.305. A Missouri wood energy producer shall be eligible for a tax credit on taxes
2 otherwise due under chapter 143, RSMo, except sections 143.191 to 143.261, RSMo, as a
3 production incentive to produce processed wood products **or electricity** in a qualified wood
4 producing facility using Missouri forest product residue. The tax credit to the wood energy
5 producer shall be five dollars per ton of processed material. The credit may be claimed for a
6 period of five years and is to be a tax credit against the tax otherwise due.

135.403. 1. Any investor who makes a qualified investment in a Missouri small business
2 shall be entitled to receive a tax credit equal to forty percent of the amount of the investment or,
3 in the case of a qualified investment in a Missouri small business in a distressed community as
4 defined by section 135.530, a credit equal to sixty percent of the amount of the investment, and
5 any investor who makes a qualified investment in a community bank or a community
6 development corporation shall be entitled to receive a tax credit equal to fifty percent of the
7 amount of the investment if the investment is made in a community bank or community
8 development corporation for direct investment. The total amount of tax credits available for
9 qualified investments in Missouri small businesses shall not exceed [thirteen] **thirty** million
10 dollars, **of which at least twenty million dollars of the amount authorized by this section**
11 **and certified by the department of economic development shall be for Missouri small**
12 **businesses involved in the manufacture of alternative power generation equipment,** and at
13 least four million dollars of the amount authorized by this section and certified by the department
14 of economic development shall be for investment in Missouri small businesses in distressed
15 communities. Authorization for all or any part of this four-million-dollar amount shall in no way
16 restrict the eligibility of Missouri small businesses in distressed communities, as defined in
17 section 135.530, for the remaining amounts authorized within this section. No more than twenty
18 percent of the tax credits available each year for investments in community banks or community
19 development corporations for direct investment shall be certified for any one project, as defined
20 in section 135.400. The tax credit shall be evidenced by a tax credit certificate in accordance
21 with the provisions of sections 135.400 to 135.430 and may be used to satisfy the state tax
22 liability of the owner of the certificate that becomes due in the tax year in which the qualified
23 investment is made, or in any of the ten tax years thereafter. When the qualified small business
24 is in a distressed community, as defined in section 135.530, the tax credit may also be used to
25 satisfy the state tax liability of the owner of the certificate that was due during each of the
26 previous three years in addition to the year in which the investment is made and any of the ten
27 years thereafter. No investor may receive a tax credit pursuant to sections 135.400 to 135.430

28 unless that person presents a tax credit certificate to the department of revenue for payment of
29 such state tax liability. The department of revenue shall grant tax credits in the same order as
30 established by subsection 1 of section 32.115, RSMo. Subject to the provisions of sections
31 135.400 to 135.430, certificates of tax credit issued in accordance with these sections may be
32 transferred, sold or assigned by notarized endorsement thereof which names the transferee.

33 2. Five hundred thousand dollars in tax credits shall be available annually from the total
34 amount of tax credits authorized by section 32.110, RSMo, and subdivision (4) of subsection 2
35 of section 32.115, RSMo, as a result of investments in community banks or community
36 development corporations. Aggregate investments eligible for tax credits in any one Missouri
37 small business shall not be more than one million dollars. Aggregate investments eligible for
38 tax credits in any one Missouri small business shall not be less than five thousand dollars as of
39 the date of issuance of the first tax credit certificate for investment in that business.

40 3. This section and section 620.1039, RSMo, shall become effective January 1, 2001.

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