

HB 1661 -- AGRICULTURAL RELATED TAX CREDITS

SPONSOR: Richardson

This bill changes the tax credit for wood energy producers and creates a tax credit for processed biomass engineered fuel fiber and milk producers. The provisions regarding the tax credit for a Missouri wood energy producer are reauthorized through December 31, 2019, and limits the total amount of all tax credits in any fiscal year to \$3.5 million.

Beginning January 1, 2015, the bill authorizes an income tax credit for any taxpayer who uses "processed biomass engineered fiber fuel" which is defined as any fuel derived from substances produced in this state that were changed from their original form and combined in a manufacturing process in this state of three or more biomass inputs, resulting in a fuel product with a heat value of at least 7,500 British Thermal Units (BTUs) per pound. The credit will be 30% of the purchased price of the fuel for the first year in which the fuel was purchased and used; 25% for the second year; 20% for the third year; 15% for the fourth year; 10% for the fifth year; and 5% for the sixth year. No tax credit will be issued after the sixth year in which the fuel was purchased and used. The amount of the credit cannot exceed the amount of the taxpayer's state tax liability for the tax year for which the credit is claimed, is not refundable, and cannot be transferred but can be carried forward for four years. The total amount of tax credit authorized cannot exceed \$5 million annually.

These provisions will expire December 31 six years after the effective date.

The bill also establishes the Show-Me Milk and Infrastructure Stabilization Act, which authorizes, beginning January 1, 2014, a tax credit for a qualified milk producer in an amount equal to the total aggregate allowable credit per year divided by the number of grade A dairies in the state as determined by the Missouri State Milk Board. The maximum credit allowed to a qualified producer cannot exceed \$25,000 per year.

A producer must apply for the milk production tax credit by submitting an application to the Missouri Agricultural and Small Business Development Authority within the Department of Agriculture. The application must include his or her producer identification number and documentation as to the amount of milk produced by his or her operation during the allowance period.

By January 1, 2017, the authority director must issue a report that is available for public inspection on the total number of pounds of

milk produced by each qualified producer in each of the prior three years.

The total amount of tax credits cannot exceed \$5 million in a year. Any individual or business may assign, transfer, or sell the tax credit as long as it is used within the year it is issued.

The Show-Me Milk and Infrastructure Stabilization Act will expire December 31 three years after the effective date.