FIRST REGULAR SESSION

# HOUSE BILL NO. 922

## 102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE THOMPSON.

2095H.01I DANA RADEMAN MILLER, Chief Clerk

## AN ACT

To amend chapters 143 and 148, RSMo, by adding thereto two new sections relating to tax deductions for financial institutions that provide loans in rural areas.

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

Section A. Chapters 143 and 148, RSMo, are amended by adding thereto two new sections, to be known as sections 143.1121 and 148.731, to read as follows:

**143.1121. 1. This section and section 148.731 shall be known as the "Missouri Rural Credit Opportunity Act".**

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

**(1) "Deduction", an amount subtracted from a qualified taxpayer's Missouri taxable income for a given tax year;**

**(2) "Qualified agricultural real estate loans", loans made after the effective date of this section on Missouri real property that is substantially used for production of one or more agricultural products and that:**

**(a) Have maturities of no less than five years and no more than forty years;**

**(b) Are secured by a first lien interest in real property, except that the loans may be secured by a second lien if the institution also holds the first lien on the property; and**

**(c) Have an outstanding loan balance when made that is less than eighty-five percent of the appraised value of the real property, except that loans for which private mortgage insurance is obtained may exceed eighty-five percent of the appraised value of the real property to the extent the loan amount in excess of eighty-five percent is covered by such insurance;**

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.

**(3) "Qualified interest income amount", the amount of interest income received by a qualified taxpayer in a given tax year from qualified agricultural real estate loans attributed to Missouri and from qualified rural single-family residence loans attributed to Missouri;**

**(4) "Qualified rural single-family residence", a residence that is:**

**(a) The principal residence of the occupant;**

**(b) Located in Missouri in a rural area as defined by the United States Department of Agriculture that is not within a metropolitan statistical area and has two thousand five hundred or fewer inhabitants as determined by the most recent decennial census; and**

**(c) Purchased or improved with the proceeds of a loan;**

**(5) "Qualified taxpayer", a national banking association, state bank, trust company, or savings and loan association with an income tax liability under this chapter, excluding the withholding tax imposed by sections 143.191 to 143.265.**

**3. For all tax years beginning on and after January 1, 2024, in addition to all other deductions and modifications allowed by law, a qualified taxpayer shall be allowed a deduction in an amount equal to the qualified taxpayer's total qualified interest income amount.**

**4. The department of revenue may promulgate all necessary rules and regulations for the administration of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2023, shall be invalid and void.**

**5. Under section 23.253 of the Missouri sunset act:**

**(1) The provisions of the new program authorized under this section shall automatically sunset eight years after the effective date of this section unless reauthorized by an act of the general assembly;**

**(2) If such program is reauthorized, the program authorized under this section shall automatically sunset twelve years after the effective date of the reauthorization of this section; and**

**(3) This section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under this section is sunset. The termination of the program as described in this subsection shall**

**not be construed to preclude any qualified taxpayer who claims any benefit under any program that is sunset under this subsection from claiming such benefit for all allowable activities related to such claim that were completed before the program was sunset, or to eliminate any responsibility of the department to verify the continued eligibility of qualified individuals receiving tax credits and to enforce other requirements of law that applied before the program was sunset.**

**148.731. 1. This section and section 143.1121 shall be known as the "Missouri Rural Credit Opportunity Act".**

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

**(1) "Deduction", an amount subtracted from a qualified taxpayer's gross income under this chapter for a given tax year;**

**(2) "Qualified agricultural real estate loans", loans made after the effective date of this section on Missouri real property that is substantially used for production of one or more agricultural products and that:**

**(a) Have maturities of no less than five years and no more than forty years;**

**(b) Are secured by a first lien interest in real property, except that the loans may be secured by a second lien if the institution also holds the first lien on the property; and**

**(c) Have an outstanding loan balance when made that is less than eighty-five percent of the appraised value of the real property, except that loans for which private mortgage insurance is obtained may exceed eighty-five percent of the appraised value of the real property to the extent the loan amount in excess of eighty-five percent is covered by such insurance;**

**(3) "Qualified interest income amount", the amount of interest income received by a qualified taxpayer in a given tax year from qualified agricultural real estate loans attributed to Missouri and from qualified rural single-family residence loans attributed to Missouri;**

**(4) "Qualified rural single-family residence", a residence that is:**

**(a) The principal residence of the occupant;**

**(b) Located in Missouri in a rural area as defined by the United States Department of Agriculture that is not within a metropolitan statistical area and has two thousand five hundred or fewer inhabitants as determined by the most recent decennial census; and**

**(c) Purchased or improved with the proceeds of a loan;**

**(5) "Qualified taxpayer", a national banking association, state bank, trust company, or savings and loan association with a tax liability under this chapter.**

**3. For all tax years beginning on and after January 1, 2024, in addition to all other deductions and modifications allowed by law, a qualified taxpayer shall be allowed**

**a deduction in an amount equal to the qualified taxpayer's total qualified interest income amount.**

**4. The department of revenue may promulgate all necessary rules and regulations for the administration of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2023, shall be invalid and void.**

**5. Under section 23.253 of the Missouri sunset act:**

**(1) The provisions of the new program authorized under this section shall automatically sunset eight years after the effective date of this section unless reauthorized by an act of the general assembly;**

**(2) If such program is reauthorized, the program authorized under this section shall automatically sunset twelve years after the effective date of the reauthorization of this section; and**

**(3) This section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under this section is sunset. The termination of the program as described in this subsection shall not be construed to preclude any qualified taxpayer who claims any benefit under any program that is sunset under this subsection from claiming such benefit for all allowable activities related to such claim that were completed before the program was sunset, or to eliminate any responsibility of the department to verify the continued eligibility of qualified individuals receiving tax credits and to enforce other requirements of law that applied before the program was sunset.**

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