

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4864H.011  
Bill No.: HB 2418  
Subject: Taxation and Revenue - Income; Taxation and Revenue - General; Revenue,  
Department of; Agriculture  
Type: Original  
Date: February 20, 2024

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Bill Summary: This proposal modifies provisions related to an income tax deduction for certain farmers.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**Section 143.121 Income Tax Deduction for Beginner Farmers**

Officials from the **Department of Revenue (DOR)** note the language in the bill is clarifying language and will not have any additional impact.

Officials from the **Office of Administration - Budget and Planning (B&P)** note B&P's estimated cost for HB 202 / SB 138 was based on the definition of beginning farmer. B&P was unable then (and now) to separate sales by owner type. Therefore, the estimated costs reflected in the TAFP fiscal notes included all potential owners. This proposal will not impact TSR or the calculation under Article X, Section 18(e) beyond what was already estimated during the 2023 session.

**Oversight** assumes this proposal adds clarifying language for eligibility requirements for the income tax deduction established in HB 202 (2023).

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**FISCAL IMPACT – Small Business**

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, an individual owner of farmland who sells all or a portion of such land to a "beginning farmer" may subtract from his or her Missouri adjusted gross income certain amounts when calculating the individuals' tax obligation.

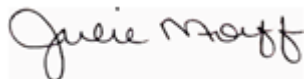
This bill broadens the scope of those taxpayers who may subtract certain amounts from their Missouri adjusted gross income calculations by including any of the following:

- (1) Individuals;
- (2) Firms;
- (3) Partners in a firm;
- (4) Corporations;
- (5) Partnerships;
- (6) Shareholders in an S Corporation; or
- (7) Members of a Limited Liability Company.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Office of Administration - Budget and Planning



Julie Morff  
Director  
February 20, 2024



Ross Strobe  
Assistant Director  
February 20, 2024