

HB 2438 -- TAX CREDITS FOR IMPROVING ACCESS TO FOOD

SPONSOR: Weber

Currently, a taxpayer may claim a tax credit equal to 50% of his or her eligible expenses for establishing or improving an urban farm. This bill limits the size of an eligible urban farm to not more than five acres and allows eligible expenses of establishing or improving a small-scale specialty crop farm in a food desert to be included in expenses eligible for the tax credit.

For all tax years beginning on or after January 1, 2024, the bill also authorizes a tax credit for expenses incurred in the establishment of a full-service grocery store located in a food desert. The tax credit shall be equal to 50% of eligible expenses that are in excess of initial expenses, which shall be at least \$1 million in eligible expenses if the full-service grocery store is located in a charter county, a first class county, or in St. Louis City, or at least \$500,000 if located in any other county.

A taxpayer shall apply to the Department of Economic Development and indicate the amount of eligible expenses, the date of the commencement of construction and operations, and any other information required by the Department.

The tax credit authorized by this bill shall not exceed \$2.5 million per tax year and shall not be refundable, but may be carried forward for three subsequent tax years. The total amount of tax credits authorized under this bill shall not exceed \$22 million per calendar year, and shall be issued on a first-come, first-served basis.

The Department shall recoup from a taxpayer any amount of tax credits issued if the taxpayer fails to complete construction of the full-service grocery store within five years of commencement of the project or if the taxpayer fails to operate the full-service grocery store for at least 10 consecutive years. A taxpayer shall annually submit a report to the Department indicating compliance with the bill.

The grocery store tax credit shall sunset on December 31st, six years after the effective date.

This bill is similar to SB 143 (2023) and HB 2871 (2022).