

HB 2730 -- FOOD TAX CREDIT

SPONSOR: Diehl

Currently, a tax credit is authorized for 50% of eligible expenses incurred for establishing or improving an urban farm. This bill expands this tax credit to include expenses incurred for establishing or improving a small-scale specialty crop farm in a food desert, as such terms are defined in the bill.

The bill also modifies the definition of "urban farm" to provide that urban farms must not exceed five acres in size. Additionally, the maximum amount of such tax credits that may be authorized in a calendar year is increased from \$200,000 to \$3 million.

Beginning January 1, 2025, a tax credit will be authorized for expenses incurred in the establishment of a full-service grocery store located in a food desert, as defined in the bill. The tax credit will be equal to 50% of eligible expenses that are in excess of initial expenses. The initial eligible expenses must be at least \$1 million 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 must apply to the Department of Economic Development (DED) and indicate the amount of eligible expenses, the date of the commencement of construction and operations, and any other information required by the DED.

The tax credit authorized cannot exceed \$2.5 million per tax year and is not refundable, but may be carried forward for three subsequent tax years. The total amount of tax credits authorized cannot exceed \$22 million per calendar year, and will be issued on a first-come, first-serve basis.

The DED will 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. The taxpayer must submit an annual report to the DED indicating compliance.

This program sunsets on December 31st, six years after the effective date.

This bill is similar to HB 2438 and SB 1380 (2024).