

FIRST REGULAR SESSION

HOUSE BILL NO. 589

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE WEBER.

0688H.02I

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 135.1610, RSMo, and to enact in lieu thereof two new sections relating to tax credits for improving access to food.

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

Section A. Section 135.1610, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 135.1610 and 135.1620, to read as follows:

135.1610. 1. As used in this section, the following terms mean:

- (1) "Eligible expenses", expenses incurred in the construction or development of establishing or improving an urban farm in an urban area **or a small-scale specialty crop farm in a food desert**. The term "eligible expenses" shall not include any expense for labor or any expense incurred to grow medical marijuana or industrial hemp;
- (2) "Food desert", a census tract that has a poverty rate of at least twenty percent or a median family income of less than eighty percent of the statewide average and where at least five hundred people or thirty-three percent of the population is located at least one-half mile away from a full-service grocery store in an urban area or at least ten miles away from a full-service grocery store in a rural area;
- (3) "Rural area", a rural place as designated by the United States Census Bureau;
- (4) "Small-scale specialty crop farm", a farm no larger than thirty acres and growing three or more types of specialty crops at any given time on at least half of its total acreage;
- (5) "Specialty crop", fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops including, but not limited to, floriculture;

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.

18 (6) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding
19 withholding tax imposed under sections 143.191 to 143.265;

20 ~~[(3)]~~ (7) "Taxpayer", any individual, partnership, or corporation as described under
21 section 143.441 or 143.471 that is subject to the tax imposed under chapter 143, excluding
22 withholding tax imposed under sections 143.191 to 143.265, or any charitable organization
23 that is exempt from federal income tax and whose Missouri unrelated business taxable
24 income, if any, would be subject to the state income tax imposed under chapter 143;

25 ~~[(4)]~~ (8) "Urban area", an urbanized area as defined by the United States Census
26 Bureau;

27 ~~[(5)]~~ (9) "Urban farm", an agricultural plot or facility in an urban area that produces
28 agricultural food products ~~[used solely]~~ **grown predominantly** for ~~[distribution to]~~ **sale or**
29 **donation to** the public ~~[by sale or donation]~~. "Urban farm" shall include community-run
30 gardens. "Urban farm" shall not include ~~[personal]~~ farms or residential lots **growing food**
31 **predominantly** for personal ~~[use]~~ **consumption**.

32 2. For all tax years beginning on or after January 1, 2023, a taxpayer shall be allowed
33 to claim a tax credit against the taxpayer's state tax liability in an amount equal to fifty percent
34 of the taxpayer's eligible expenses **in the tax year** for establishing or improving an urban
35 farm, **not to exceed five thousand dollars per urban farm, or for establishing or**
36 **improving a small-scale specialty crop farm in a food desert** that focuses on food
37 production, **not to exceed twenty thousand dollars per small-scale specialty crop farm in**
38 **a food desert**.

39 3. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's
40 state tax liability in the tax year for which the credit is claimed, and the taxpayer shall not be
41 allowed to claim a tax credit under this section in excess of five thousand dollars for each
42 urban farm **or small-scale specialty crop farm**. The total amount of tax credits that may be
43 authorized for all taxpayers for eligible expenses incurred on any given urban farm **or small-**
44 **scale specialty crop farm** shall not exceed twenty-five thousand dollars. Any issued tax
45 credit that cannot be claimed in the tax year in which the eligible expenses were incurred may
46 be carried over to the next three succeeding tax years until the full credit is claimed.

47 4. The total amount of tax credits that may be authorized under this section shall not
48 exceed ~~[two hundred thousand]~~ **three million** dollars in any calendar year.

49 5. Tax credits issued under the provisions of this section shall not be transferred, sold,
50 or assigned.

51 6. The Missouri agricultural and small business development authority shall recapture
52 the amount of tax credits issued to any taxpayer who, after receiving such tax credit, uses
53 **more than fifty percent of** the urban farm **land** for the **production of agricultural food**
54 **products for personal [benefit of] consumption by** the taxpayer instead of for producing

55 agricultural food products used ~~[solely]~~ **predominantly** for distribution to the public by sale
56 or donation.

57 7. The Missouri agricultural and small business development authority may
58 promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as
59 that term is defined in section 536.010, that is created under the authority delegated in this
60 section shall become effective only if it complies with and is subject to all of the provisions of
61 chapter 536 and, if applicable, section 536.028. This section and chapter 536 are
62 nonseverable and if any of the powers vested with the general assembly pursuant to chapter
63 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently
64 held unconstitutional, then the grant of rulemaking authority and any rule proposed or
65 adopted after January 2, 2023, shall be invalid and void.

66 8. Under section 23.253 of the Missouri sunset act:

67 (1) The program authorized under this section shall automatically sunset on
68 December 31, 2028, unless reauthorized by an act of the general assembly;

69 (2) If such program is reauthorized, the program authorized under this section shall
70 automatically sunset on December thirty-first twelve years after the effective date of the
71 reauthorization of this section;

72 (3) This section shall terminate on September first of the calendar year immediately
73 following the calendar year in which the program authorized under this section is sunset; and

74 (4) Nothing in this subsection shall prevent a taxpayer from claiming a tax credit
75 properly issued before the program was sunset in a tax year after the program is sunset.

135.1620. 1. As used in this section, the following terms mean:

2 (1) **"Department", the Missouri department of economic development;**

3 (2) **"Eligible expenses", expenses incurred in the construction or development of**
4 **real property for the purpose of establishing a full-service grocery store in a food desert;**

5 (3) **"Food desert", a census tract that has a poverty rate of at least twenty**
6 **percent or a median family income of less than eighty percent of the statewide average**
7 **and where at least five hundred people or thirty-three percent of the population is**
8 **located at least one-half mile away from a full-service grocery store in urbanized areas**
9 **or at least ten miles away in rural areas;**

10 (4) **"Full-service grocery store", a grocery store that provides a full complement**
11 **of healthful fruits, vegetables, grains, meat, and dairy products along with household**
12 **items. Fresh fruits and vegetables shall be available for sale in quantities that are**
13 **substantially similar to industry standards for facilities of similar size. A lack of**
14 **availability of fresh fruits and vegetables in sufficient quantities due to a supply**
15 **shortage, as determined by the department, shall not disqualify an entity from being a**
16 **full-service grocery store otherwise eligible for tax credits pursuant to this section;**

17 **(5) "New location", a full-service grocery store facility located on a tract of real**
18 **property within a food desert acquired by or leased to a taxpayer on or after January 1,**
19 **2026. A location shall be deemed to have been acquired by or leased to a taxpayer on or**
20 **after January 1, 2026, if the transfer of title to the taxpayer, the transfer of possession**
21 **under a binding contract to transfer title to the taxpayer, or the commencement of the**
22 **term of the lease to the taxpayer occurs on or after January 1, 2026, or if the**
23 **commencement of the construction or installation of the facility by or on behalf of a**
24 **taxpayer occurs on or after January 1, 2026;**

25 **(6) "Rural area", a town or community within the state that is not within a**
26 **metropolitan statistical area and has a population of six thousand or fewer inhabitants**
27 **as determined by the last preceding federal decennial census or any unincorporated**
28 **area not within a metropolitan statistical area;**

29 **(7) "Tax credit", a credit against the tax otherwise due under chapter 143,**
30 **excluding withholding tax imposed under sections 143.191 to 143.265;**

31 **(8) "Taxpayer", any individual, partnership, or corporation as described under**
32 **section 143.441 or 143.471 that is subject to the tax imposed under chapter 143,**
33 **excluding withholding tax imposed under sections 143.191 to 143.265, or any charitable**
34 **organization that is exempt from federal income tax and whose Missouri unrelated**
35 **business taxable income, if any, would be subject to the state income tax imposed under**
36 **chapter 143;**

37 **(9) "Urbanized area", an urbanized area as designated by the United States**
38 **Census Bureau.**

39 **2. For all tax years beginning on or after January 1, 2026, a taxpayer shall be**
40 **allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal**
41 **to fifty percent of the taxpayer's eligible expenses that are in excess of initial eligible**
42 **expenses of:**

43 **(1) One million dollars if the full-service grocery store is established in a charter**
44 **county, a county of the first classification, or a city not within a county; or**

45 **(2) Five hundred thousand dollars if the full-service grocery store is established**
46 **in any other county.**

47 **3. (1) In order to claim a tax credit pursuant to this section, a taxpayer shall**
48 **submit an application to the department, which shall include:**

49 **(a) All eligible expenses incurred by the taxpayer;**

50 **(b) The date of the commencement of construction of the full-service grocery**
51 **store;**

52 **(c) The anticipated date of the commencement of operations of the full-service**
53 **grocery store; and**

54 (d) Any other information required by the department to implement the
55 provisions of this section.

56 (2) The amount of the tax credit shall not exceed the amount of the taxpayer's
57 state tax liability in the tax year for which the credit is claimed, and such taxpayer shall
58 not be allowed to claim a tax credit in excess of two million five hundred thousand
59 dollars per tax year. However, any tax credit that cannot be claimed in the tax year the
60 eligible expenses were incurred may be carried over to the next three succeeding tax
61 years until the full credit is claimed.

62 4. The total amount of tax credits that may be authorized under this section shall
63 not exceed twenty-two million dollars in any calendar year, which shall be authorized on
64 a first-come, first-served basis.

65 5. Tax credits issued under the provisions of this section may be transferred,
66 sold, or assigned.

67 6. (1) The issuance of tax credits authorized under this section shall cease and
68 the department shall recoup from the taxpayer and deposit in the general revenue fund
69 an amount equal to all credits previously issued to the taxpayer under this section, less
70 any amounts previously repaid, increased by the amount of interest that would have
71 been earned on the amount of such tax credits, in the event that the taxpayer:

72 (a) Fails to complete construction of a full-service grocery store within five years
73 of the commencement of the project; or

74 (b) Fails to operate a full-service grocery store at the same new location for at
75 least ten consecutive years.

76 (2) A taxpayer shall annually submit a report to the department, on a form to be
77 developed by the department, indicating that the taxpayer is in compliance with the
78 provisions of this section.

79 7. The department may promulgate rules to implement the provisions of this
80 section. Any rule or portion of a rule, as that term is defined in section 536.010, that is
81 created under the authority delegated in this section shall become effective only if it
82 complies with and is subject to all of the provisions of chapter 536 and, if applicable,
83 section 536.028. This section and chapter 536 are nonseverable and if any of the powers
84 vested with the general assembly pursuant to chapter 536 to review, to delay the
85 effective date, or to disapprove and annul a rule are subsequently held unconstitutional,
86 then the grant of rulemaking authority and any rule proposed or adopted after August
87 28, 2025, shall be invalid and void.

88 8. Under section 23.253 of the Missouri sunset act:

89 **(1) The program authorized under this section shall automatically sunset on**
90 **December thirty-first six years after the effective date of this section, unless**
91 **reauthorized by an act of the general assembly;**

92 **(2) If such program is reauthorized, the program authorized under this section**
93 **shall automatically sunset on December thirty-first twelve years after the effective date**
94 **of the reauthorization of this section;**

95 **(3) This section shall terminate on September first of the calendar year**
96 **immediately following the calendar year in which the program authorized under this**
97 **section is sunset; and**

98 **(4) Nothing in this subsection shall prevent a taxpayer from claiming a tax credit**
99 **properly issued before the program was sunset in a tax year after the program is sunset.**

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