

HCS HB 642 -- AGRICULTURE

SPONSOR: Diehl

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Agriculture by a vote of 19 to 3.

The following is a summary of the House Committee Substitute for HB 642.

This bill modifies the provisions relating to agriculture.

FIRE SUPPRESSION SPRINKLER SYSTEMS (Sections 64.198 and 321.220)

The bill prohibits a county or fire protection districts from enacting or exercising ordinances that impose regulations on, or require permits with respect to the installation or erection of fire suppression sprinkler systems in animal or livestock agricultural buildings or structures.

This provision is similar to HCS HB 533 (2025).

AGRICULTURAL TAX CREDITS (Various)

The bill repeals the sunset on the following agricultural tax credits:

- (1) Wood Energy Tax Credit (Section 135.305, RSMo);
- (2) Meat Processing Facilities Investment Tax Credit (Section 135.686);
- (3) High Ethanol Blend Seller Tax Credit (Section 135.772);
- (4) Biodiesel Blend Seller Tax Credit (Section 135.775);
- (5) Biodiesel Producer Tax Credit (Section 135.778);
- (6) Urban Farms Tax Credit (Section 135.1610);
- (7) Rolling Stock Tax Credit (Section 137.1018);
- (8) Agricultural Production Tax Credits (Section 348.436); and
- (9) Specialty Agricultural Crops Tax Credit (Sections 348.491 and 348.493).

The bill also specifies that a taxpayer claiming a tax credit under the Biodiesel Blend Seller Tax Credit is not liable for penalties

or interest on an income tax balance due if the taxpayer is denied part or all of a tax credit to which the taxpayer has qualified due to lack of available funds, and such denial causes a balance-due. The taxpayer must pay the balance due within 60 days or be subject to penalties and interest (Section 135.775).

This provision is similar to HCS HB 1317 and SB 466 (2025).

#### BEGINNING FARMER INCOME TAX DEDUCTION (Section 143.121)

Currently, an individual owner of farmland who sells all or a portion of such farmland to a "beginning farmer" can 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 can subtract certain amounts from their Missouri adjusted gross income calculations.

This provision is similar to HCS HB 1042 (2025).

#### AGRICULTURAL EDUCATION (Section 178.530)

This bill ends the current pilot program for agriculture education in elementary schools in the 2025-26 school year and authorizes that beginning in the 2026-27 school year the program can be implemented by the Department of Elementary and Secondary Education statewide for all elementary schools.

This provision is similar to HCS HB 1555 & 1026 (2025).

#### FENCES AND ENCLOSURES (Sections 272.138 and 272.380)

The bill specifies that if the owner of a property or a contractor hired by the owner constructs, maintains, or repairs a division fence used to enclose a field or enclosure where animals are kept, the owner or contractor can enter onto the adjoining property up to 10 feet to repair, maintain, or construct the fence. The owner or contractor is not liable for damages for clearing any trees, brush, or vegetation within the 10 foot boundary or division fence. However, the owner or contractor would be liable for damages caused by entry onto the adjoining property, including damages to crops.

These provisions do not include adjoining property owned by any utility company, railroad, or certain zoological parks, wildlife conservation facilities, or animal sanctuaries. The provisions do not allow an owner or contractor to enter into a building on the adjoining property.

This provision is similar to HCS HB 1116 (2025).

#### WATER EXPORTATION PERMITS (Section 640.406)

The bill prohibits any person from exporting water resources outside the State unless the person holds a water exportation permit issued by the Department of Natural Resources, subject to certain specified exemptions.

The Director of the Department must review each water exportation permit application and all supporting documents to ensure the required conditions have been met prior to accepting a water exportation application for public comment and review by the State Soil and Water Districts Commission. In the event of a conflict between water uses outside the State and the needs of the State, the Director and the Commission must prioritize the needs of the State.

Within 180 days after receipt of a complete application, the Director must determine whether the applicant complied with the requirements for a permit. After making such a determination, the Director must hold a 30-day public comment period regarding the determination. Within 60 days after the comment period, the Director must recommend approval or denial of the permit and submit the recommendation and public comments to the Commission. The Commission must make the final decision as to the approval or denial of the permit, as specified in the bill.

To renew a water exportation permit, an applicant must file a renewal application with the Department, as required in the bill. The process for reviewing the renewal application is described in the bill. In the absence of an appeal, the decision of the Commission must be final.

The permit is in effect for three years from issuance and the permit holder will annually report the water use volumes and withdrawal rates to the Department. The water exportation permit application must include all water exportation requested by the applicant. An applicant can include multiple water withdrawals for export from various locations within one water exportation permit application.

A major water user can request the Department to reevaluate any existing water exportation permit using the criteria specified in the bill. The Department must create a mechanism for a major water user to submit a request for reevaluation of the permit.

A person is not precluded from bringing any claim to defend the person's water rights. A permit will not serve as a defense to any

claim brought against a water permit holder for the infringement of water rights. In addition, any person harmed by the issuance of a permit can bring action to enforce the provisions of the bill.

If the Attorney General receives a complaint for violations of the provisions of the bill, or at the request of the Department, the Attorney General can bring a civil action. A suit can be brought in Cole County or any county where the defendant's principal place of business is located or where the withdrawal of water occurred.

Whenever a state of emergency is declared by the Governor in any part of the State based on drought conditions, the Department must reevaluate any existing water exportation permit.

This provision is similar to HCS HB 1295 and SB 82 (2025).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

**PROPONENTS:** Supporters say that the tax credits affected by this bill have helped spur growth in agricultural products throughout the State and support job creation and retention in the industry. By removing the sunsets on the tax credits, the bill will provide those in the agriculture industry with certainty that when they invest in certain programs the tax incentives will still be in place.

Testifying in person for the bill were Representative Diehl; Missouri Cattlemen's Association; Railway Supply Institute, Missouri Forest Products Association; Missouri Renewable Fuels Association; Poet Biofuels; Missouri Pork Association; Missouri Soybean Association; Mo-Ag; Missouri Corn Growers Association; and Missouri Farm Bureau.

**OPPONENTS:** There was no opposition voiced to the committee.

**OTHERS:** Others testifying on the bill answered questions about the history of the programs housed under the Missouri Agricultural and Small Business Development Authority and the effectiveness of the programs.

Testifying in person on the bill were Jill Wood, Missouri Agricultural and Small Business Development Authority; and Trinity Crouch, Missouri Department of Agriculture.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.