

## HB 1520 -- TAX CREDITS FOR IMPROVING ACCESS TO FOOD

SPONSOR: Diehl

Currently, a taxpayer can claim a tax credit equal to 50% of his or her eligible expenses for establishing or improving an urban farm, up to \$5,000. This bill limits an eligible urban farm to a farm or residential lot where not more than 10% of the property is used for personal use and allows eligible expenses of establishing or improving a small-scale specialty crop farm in a rural food desert to be included in expenses eligible for the tax credit. The bill increases the amount a taxpayer can claim for an urban farm from \$5,000 to \$10,000 for tax years beginning January 1, 2026. In addition a taxpayer can claim 50% of eligible expenses for up to \$10,000 for establishing or improving a small-scale specialty crop farm in a rural food desert.

The tax credit for small-scale specialty crop farms authorized by this bill must not exceed \$30,000 per tax year and will not be refundable, but can be carried forward for three subsequent tax years. The total amount of tax credits authorized under this bill must not exceed \$1.5 million per calendar year for each type of farm.

For all tax years beginning on or after January 1, 2026, 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 must be equal to 50% of eligible expenses that are in excess of initial expenses, which must 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 must apply to the Department of Economic Development and indicate the amount of eligible expenses, the date of the commencement of construction and operations of the full-service grocery store, and any other information required by the Department.

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

The Department must 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 must annually submit a report to the Department indicating compliance with the bill.

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

This bill is the same as HB 1468 (2025).