HCS SS SCS SB 466 -- INCOME TAX

SPONSOR: Gregory (21)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Agriculture by a vote of 16 to 2.

The following is a summary of the House Committee Substitute for SS SCS SB 466.

This bill modifies the provisions relating to income tax.

AGRICULTURAL TAX CREDITS (Various Sections)

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 HCS HB 642 (2025).

TAX CREDIT FOR QUALIFIED RAILROAD INFRASTRUCTURE INVESTMENTS (Section 135.1210)

Beginning January 1, 2026, eligible taxpayers may claim a nonrefundable tax credit of an amount equal to 50% for qualified railroad track expenditures, or for new qualified rail infrastructure expenditures.

The tax credits must not exceed the following limits:

(1) Railroad track expenditures: not to exceed an amount equal to the product of $5,000 multiplied by the number of miles of railroad track owned or leased by the state; or

(2) New rail infrastructure expenditures: not to exceed $1 million for each new rail-served customer project of an eligible taxpayer.

An eligible taxpayer must submit a Certificate of Eligibility to the Department of Economic Development describing all qualified expenditures. If the Department determines that the expenditures do qualify for the tax credit, the Department may issue the certificate to the taxpayer.

The cumulative amount of tax credits for qualified railroad track expenditures will not exceed $4.5 million per year. If the amount exceeds $4.5 million, the tax credits will be distributed in the order in which they are claimed. Any unused portion of the tax credit may be carried forward up to five subsequent tax years. An eligible taxpayer who earns a tax credit may transfer all or a portion of the unused credit by written agreement to any other eligible taxpayer during the year in which the credit is earned and the five years following.

The cumulative amount of tax credits for qualified new rail infrastructure expenditures must not exceed $10 million per tax year. If the amount exceeds $10 million, the tax credits will be distributed in the order in which they are claimed.

The Department of Economic Development must submit an annual report to the General Assembly outlining the qualified railroad expenditures and qualified new rail infrastructure expenditures for each eligible taxpayer, along with a summary of the investments made by the eligible taxpayer.

The bill provides that this tax credit must be considered a redevelopment tax credit.

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

This provision is the same as HCS HB 669.

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).

FILING OF INCOME TAX RETURNS (Section 143.511)

The bill provides that the date for filing income tax returns must be the date prescribed for filing Federal tax return, and if that date is changed for any reason, the date for filing the State income tax returns must be changed to that date.

This provision is the same as HCS HB 828.

TAX CREDITS (Section 143.512)

This bill provides that a taxpayer is not liable for penalties or interest on an income tax balance due if:

(1) The taxpayer is denied part or all of a tax credit for which the taxpayer has qualified due to a lack of available funds; and

(2) The denial causes a balance-due notice generated by the Department of Revenue.

The taxpayer must pay the balance within 60 days of the denial or be subject to penalties and interest.

This provision is the same as HCS HB 828.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the Senate Perfected 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 Senator Gregory; Associated Industries of Missouri; Missouri Renewable Fuels Association; Missouri Corn Growers Association; Missouri Soybean Association; Missouri Farm Bureau; MO Cattlemen's Association; MO Forest Products Association; Railway Supply Institute; and Missouri Ag.

OPPONENTS: No opposition was voiced to the committee.

OTHERS: Others testifying on the bill say these programs have a good return but removing the sunset dates eliminates the opportunity to review the effectiveness of a program. The Department of Revenue also explained what reviews are completed on the tax credit programs and when these reviews are conducted.

Testifying in person on the bill were Zachary Wyatt, Department Of Revenue; and Jon Stambaugh.

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.