

SECOND REGULAR SESSION

# HOUSE BILL NO. 2126

## 101ST GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE FRANCIS.

4512H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To repeal section 135.686, RSMo, and to enact in lieu thereof one new section relating to a tax credit for the expansion of meat processing facilities.

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

Section A. Section 135.686, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 135.686, to read as follows:

135.686. 1. This section shall be known and may be cited as the "Meat Processing Facility Investment Tax Credit Act".

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

(1) "Authority", the agricultural and small business development authority established in chapter 348;

(2) "Meat processing facility", any commercial plant, as defined under section 265.300, at which livestock are slaughtered or at which meat or meat products are processed for sale commercially and for human consumption;

(3) "Meat processing modernization or expansion", constructing, improving, or acquiring buildings or facilities, or acquiring equipment for meat processing including the following, if used exclusively for meat processing and if acquired and placed in service in this state during tax years beginning on or after January 1, 2017, but ending on or before December 31, ~~2024~~ **2028**:

(a) Building construction including livestock handling, product intake, storage, and warehouse facilities;

(b) Building additions;

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.

17 (c) Upgrades to utilities including water, electric, heat, refrigeration, freezing, and  
18 waste facilities;

19 (d) Livestock intake and storage equipment;

20 (e) Processing and manufacturing equipment including cutting equipment, mixers,  
21 grinders, sausage stuffers, meat smokers, curing equipment, cooking equipment, pipes,  
22 motors, pumps, and valves;

23 (f) Packaging and handling equipment including sealing, bagging, boxing, labeling,  
24 conveying, and product movement equipment;

25 (g) Warehouse equipment including storage and curing racks;

26 (h) Waste treatment and waste management equipment including tanks, blowers,  
27 separators, dryers, digesters, and equipment that uses waste to produce energy, fuel, or  
28 industrial products;

29 (i) Computer software and hardware used for managing the claimant's meat  
30 processing operation including software and hardware related to logistics, inventory  
31 management, production plant controls, and temperature monitoring controls; and

32 (j) Construction or expansion of retail facilities or the purchase or upgrade of retail  
33 equipment for the commercial sale of meat products if the retail facility is located at the same  
34 location as the meat processing facility;

35 (4) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding  
36 withholding tax imposed under sections 143.191 to 143.265, or otherwise due under chapter  
37 147;

38 (5) "Taxpayer", any individual or entity who:

39 (a) Is subject to the tax imposed under chapter 143, excluding withholding tax  
40 imposed under sections 143.191 to 143.265, or the tax imposed under chapter 147;

41 (b) In the case of an individual, is a resident of this state as verified by a 911 address  
42 or, in the absence of a 911 system, a physical address; and

43 (c) Owns a meat processing facility located in this state **and employs a combined**  
44 **total of fewer than five hundred individuals in all meat processing facilities owned by**  
45 **the individual or entity in this country;**

46 (6) "Used exclusively", used to the exclusion of all other uses except for use not  
47 exceeding five percent of total use.

48 3. For all tax years beginning on or after January 1, 2017, but ending on or before  
49 December 31, ~~[2021]~~ **2028**, a taxpayer shall be allowed a tax credit for meat processing  
50 modernization or expansion related to the taxpayer's meat processing facility. The tax credit  
51 amount shall be equal to twenty-five percent of the amount the taxpayer paid in the tax year  
52 for meat processing modernization or expansion.

53           4. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's  
54 state tax liability for the tax year for which the credit is claimed. No tax credit claimed under  
55 this section shall be refundable. The tax credit shall be claimed in the tax year in which the  
56 meat processing modernization or expansion expenses were paid, but any amount of credit  
57 that the taxpayer is prohibited by this section from claiming in a tax year may be carried  
58 forward to any of the taxpayer's four subsequent tax years. The total amount of tax credits  
59 that any taxpayer may claim shall not exceed seventy-five thousand dollars per year. If two or  
60 more persons own and operate the meat processing facility, each person may claim a credit  
61 under this section in proportion to ~~his or her~~ **such person's** ownership interest; except that,  
62 the aggregate amount of the credits claimed by all persons who own and operate the meat  
63 processing facility shall not exceed seventy-five thousand dollars per year. The amount of tax  
64 credits authorized in this section ~~[and section 135.679]~~ in a calendar year shall not exceed two  
65 million dollars. Tax credits shall be issued on an as-received application basis until the  
66 calendar year limit is reached. Any credits not issued in any calendar year shall expire and  
67 shall not be issued in any subsequent year.

68           5. To claim the tax credit allowed under this section, the taxpayer shall submit to the  
69 authority an application for the tax credit on a form provided by the authority and any  
70 application fee imposed by the authority. The application shall be filed with the authority at  
71 the end of each calendar year in which a meat processing modernization or expansion project  
72 was completed and for which a tax credit is claimed under this section. The application shall  
73 include any certified documentation, proof of meat processing modernization or expansion,  
74 and any other information required by the authority. All required information obtained by the  
75 authority shall be confidential and not disclosed except by court order, subpoena, or as  
76 otherwise provided by law. If the taxpayer and the meat processing modernization or  
77 expansion meet all criteria required by this section and approval is granted by the authority,  
78 the authority shall issue a tax credit certificate in the appropriate amount. Tax credit  
79 certificates issued under this section may be assigned, transferred, sold, or otherwise  
80 conveyed, and the new owner of the tax credit certificate shall have the same rights in the tax  
81 credit as the original taxpayer. If a tax credit certificate is assigned, transferred, sold, or  
82 otherwise conveyed, a notarized endorsement shall be filed with the authority specifying the  
83 name and address of the new owner of the tax credit certificate and the value of the tax credit.

84           6. Any information provided under this section shall be confidential information, to  
85 be shared with no one except state and federal animal health officials, except as provided in  
86 subsection 5 of this section.

87           7. The authority shall promulgate rules establishing a process for verifying that a  
88 facility's modernization or expansion for which tax credits were allowed under this section  
89 has in fact expanded the facility's production within three years of the issuance of the tax

90 credit and if not, the authority shall promulgate through rulemaking a process by which the  
91 taxpayer shall repay the authority an amount equal to that of the tax credit allowed.

92 8. The authority shall, at least annually, submit a report to the Missouri general  
93 assembly reviewing the costs and benefits of the program established under this section.

94 9. The authority may promulgate rules to implement the provisions of this section.  
95 Any rule or portion of a rule, as that term is defined in section 536.010, that is created under  
96 the authority delegated in this section shall become effective only if it complies with and is  
97 subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section  
98 and chapter 536 are nonseverable and if any of the powers vested with the general assembly  
99 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a  
100 rule are subsequently held unconstitutional, then the grant of rulemaking authority and any  
101 rule proposed or adopted after August 28, 2016, shall be invalid and void.

102 10. This section shall not be subject to the Missouri sunset act, sections 23.250 to  
103 23.298.

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