

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1679S.02C
 Bill No.: SCS for SB 354
 Subject: Tax Credits; Taxation and Revenue - Income; Agriculture
 Type: Original
 Date: March 7, 2021

Bill Summary: This proposal would modify provisions relating to tax credit programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	Up to (\$2,242,772) to (\$10,500,000)	Up to (\$6,065,085) to (\$18,500,000)	Up to (\$6,065,085) to (\$18,500,000)
Total Estimated Net Effect on General Revenue	Up to (\$2,242,772) to (\$10,500,000)	Up to (\$6,065,085) to (\$18,500,000)	Up to (\$6,065,085) to (\$18,500,000)

*Oversight notes the fiscal impacts are the result of the continuation of existing tax credit programs (currently set to expire 06/30/2020 & 12/31/2021 - extended to 06/30/2027 & 12/31/2027, respectively) and the reauthorization of a modified and renamed Film Tax Credit Program. The range in the reported impacts stem from the most recent annual activity for the programs to the tax credit program cap(s).

The Wood Energy tax credit program is subject to appropriation.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 135.305 – Wood Energy Tax Credit

Officials from the **Missouri Department of Revenue (DOR)** state the Wood Energy Tax Credit has a \$6 million annual cap that is subject to appropriations. The legislature appropriated \$1 million in Fiscal Year 2018 and Fiscal Year 2019. For Fiscal Year 2020, the legislature appropriated \$1.5 million. The legislature appropriated \$740,000 for Fiscal Year 2021.

DOR notes this tax credit does not currently allow authorization of additional credits after June 30, 2020 (Fiscal Year 2021). This section would extend the sunset on the tax credit until June 30, 2027.

DOR does not anticipate this section will have a fiscal impact on their organization.

Officials from the **Missouri Department of Natural Resources** and the **Office of Administration – Budget & Planning Division** do not anticipate this section will cause a fiscal impact on their respective organizations.

Oversight's policy is to show the extension of the tax credit in the fiscal note. Oversight will show the revenue reduction to General Revenue beginning in Fiscal Year 2022.

Oversight notes this section extends the end date for the Wood Energy Tax Credit authorized under Section(s) 135.300 to 135.311 from June 30, 2020 to June 30, 2027. The issuance of the Wood Energy Tax Credit is subject to appropriation by the General Assembly and has a cap of \$6 million for each fiscal year. Oversight provides the following appropriations previously made by the General Assembly for the Wood Energy Tax Credit:

Fiscal Year	Appropriation
2021	\$740,000 (HB 2006 6.350)
2020	\$1.5 million (HB 6)
2019	\$1.0 million (HB 2007)
2018	\$1.0 million (HB 7)

Oversight notes, per the Tax Credit Analysis submitted to Oversight by the Department of Natural Resources, the Wood Energy Tax Credit had the following activity:

Wood Energy Tax Credit	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 (year to date)	FY 2021 (Full Year - est.)	FY 2022 (Budget Year - est.)
Certificates Issued (#)	7	9	8	0	6	0
Projects/Participants (#)	7	9	8	0	6	0
Amount Authorized	\$970,000	\$678,887	\$1,455,000	\$0	\$740,000	\$0
Amount Issued	\$970,000	\$678,887	\$1,455,000	\$0	\$740,000	\$0
Amount Redeemed	\$891,087	\$789,077	\$1,105,678	\$0	\$717,800	\$717,800

Oversight's policy is to show the extension of the tax credit program in the fiscal note. Oversight will show the revenue reduction to TSR and GR for Fiscal Year(s) beginning in Fiscal Year 2022.

Since the cap for the Wood Energy Tax Credit is \$6 million annually (subject to appropriation), for purposes of this fiscal note, Oversight will report the extension of the tax credit as a continuation of the current appropriation level (\$740,000 – HB 2006 - 2020) up to the \$6 million cap.

Section 135.686 – Meat Processing Facility Investment Tax Credit

Officials from **DOR** state this section would extend the ability of a taxpayer to claim a tax credit for meat processing modernization or expansion related to the taxpayer's meat processing facility from December 31, 2021 to December 31, 2027. The Meat Processing Facility Tax Credit shares a \$2 million annual cap with the Qualified Beef Tax Credit.

For informational purposes, DOR provides the following information on the amount of credits issued and redeemed since this credit began in 2018.

Fiscal Year	Authorized	Issued	Total Redeemed
FY 2020	\$1,171,805.57	\$1,162,452.67	\$380,371.14
FY 2019	\$627,807.59	\$552,807.59	\$214,777.94
FY 2018	\$286,781.89	\$286,781.89	\$5,561.00
TOTALS	\$2,086,395.05	\$2,002,042.15	\$600,710.08

Currently the tax credit is limited to no more than \$75,000 per facility. This proposed legislation would allow any facility in a second, third or fourth class county to receive up to 10% more than the \$75,000. Since the cap on the program is unchanged, the Department assumes this provision would not have any additional impact.

DOR does not anticipate this section will not have any further fiscal impact on DOR or General Revenue (GR) as a result of the extended expiration date.

Oversight notes, currently, for all tax years beginning on or after January 1, 2017, but ending on or before December 31, 2021, a taxpayer shall be allowed a tax credit for meat processing modernization or expansion as it relates to the taxpayer's meat processing facility.

This section modifies the "end date" of this tax credit program by extending it to all tax years beginning on or after January 1, 2017, and ending on or before December 31, 2027.

This section further increases, by ten percent (10%), the amount of tax credits that may be authorized for meat processing and modernization or expansion located in a county of the second, third, or fourth class.

Oversight notes the Meat Processing Facility Investment Tax Credit and the Qualified Beef Tax Credit have a shared cap of two million dollars (\$2,000,000). The Meat Processing Facility Investment Tax Credits and the Qualified Beef Tax Credits are issued on an as-received application basis until the calendar year limit (\$2,000,000) is reached.

Oversight's policy is to show the extension of the tax credit program in the fiscal note.

Oversight notes the current end date for the Meat Processing Facility Investment Tax Credit is December 31, 2021. Oversight notes this section extends the end date to December 31, 2027.

Oversight notes that taxpayers who are awarded the Meat Processing Facility Investment Tax Credit in Tax Year 2022 will not file their tax returns claiming the tax credit until after January 1, 2023 (Fiscal Year 2023). Therefore, Oversight will report the impact as a result of extending the end date of this tax credit program beginning in Fiscal Year 2023.

Oversight notes, per the most recent Tax Credit Analysis received from the Missouri Department of Agriculture, the Meat Processing Facility Investment Tax Credit recognized the following activity:

Meat Processing Facility Investment Tax Credit					
Fiscal Year	2018	2019	2020	2021 (Year To Date)	2022 (Budget Year)
Certificates Issued (#)	6	14	21	0	25
Projects/Participants (#)	6	14	22	0	25
Amount Authorized	\$286,782	\$627,808	\$1,171,806	\$0	\$2,000,000
Amount Issued	\$286,782	\$552,808	\$1,162,453	\$0	\$2,000,000
Amount Redeemed	\$5,561	\$214,778	\$380,371	\$31,602	\$1,000,000

Oversight notes the three (3) year average (Fiscal Year(s) 2018 – 2020) amount of Meat Processing Facility Investment Tax Credits issued equals \$667,348.

For purposes of this fiscal note, since the Meat Processing Facility Investment Tax Credit shares a cumulative tax credit cap with the Qualified Beef Tax Credit, Oversight will provide the program activity for the Qualified Beef Tax Credit.

Oversight notes, per the most recent Tax Credit Analysis received from the Missouri Department of Agriculture, the Qualified Beef Tax Credit recognized the following activity:

Qualified Beef Tax Credit					
Fiscal Year	2018	2019	2020	2021 (Year To Date)	2022 (Budget Year)
Certificates Issued (#)	6	7	0	0	0
Projects/Participants (#)	6	7	0	0	0
Amount Authorized	\$35,627	\$64,535	\$0	\$0	\$0
Amount Issued	\$35,627	\$64,535	\$0	\$0	\$0
Amount Redeemed	\$67,304	\$59,694	\$50,927	\$2,120	\$0

Oversight notes the three (3) year average (Fiscal Year(s) 2018 – 2020) amount of Qualified Beef Tax Credits issued equals \$33,387.

Oversight notes, the **combined** three (3) year average amount of tax credits issued (Meat Processing Facility Investment Tax Credit and Qualified Beef Tax Credit) equals \$700,735.

Oversight notes the shared cumulative cap for these tax credit programs is two million dollars (\$2,000,000). Oversight assumes, when taking into consideration the three (3) year average amount of Qualified Beef Tax Credits issued (\$33,387), that \$1,966,613 would be available to be issued to the Meat Processing Facility Investment Tax Credit program.

However, Oversight notes, the Qualified Beef Tax Credit program is currently scheduled to end December 31, 2021. Therefore, should this proposed legislation be signed into law and the

Qualified Beef Tax Credit end, the total amount of tax credits available to be issued under the Meat Processing Facility Investment Tax Credit program would be the full cap of \$2,000,000.

Therefore, for purposes of this fiscal note, Oversight will report the extension of this tax credit as a reduction to GR by an amount “up to” \$667,348 (the three (3) year average amount of Meat Processing Facility Investment Tax Credits issued) to \$2,000,000 (the total amount available for Meat Processing Facility Tax Credit program if Qualified Beef Tax Credit program ends), beginning in Fiscal Year 2023.

Officials from the **Office of Administration – Budget & Planning Division** and the **Missouri Department of Agriculture** do not anticipate this section will result in a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

Section 135.750 – Show Missouri Film and Digital Media Act

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this section reestablishes a tax credit for tax years beginning on or after January 1, 2021, equal to twenty-five percent (25%) of qualifying in-state expenses and ten percent (10%) of qualifying out-of-state expenses incurred by a production company in connection with a qualified film production project. An additional five percent (5%) may be earned for both qualifying in-state expenses and qualifying out-of-state expenses if at least fifty percent (50%) of the qualified film production project is filmed in Missouri.

The cap on the tax credits for all tax years beginning on or after January 1, 2008, is \$4,500,000. This section could therefore lower General Revenue (GR) and Total State Revenue (TSR) by \$4,500,000 per fiscal year, beginning in Fiscal Year 2022. To the extent this section encourages other economic activity, GR and TSR may increase, but B&P cannot estimate the induced revenues.

This section could impact the calculation pursuant to Article X, Section 18(e).

Oversight notes this section states that the total dollar amount of tax credits awarded to a qualified film production project may be increased by ten percent (10%) if such project is located in a county of the second, third, or fourth class.

Officials from **DOR** assume this section modifies the Film Production Tax Credit Program. This section updates the definition of “Qualified Film Production Project,” and adds the definition of “Qualifying Out-of-State Expenses.”

This section states that, for all tax years beginning on or after January 1, 2021, a taxpayer shall be allowed a tax credit equal to twenty-five percent (25%) of qualifying in-state expenses and ten percent (10%) of qualifying out-of-state expenses. An additional five percent (5%) may be earned for both qualifying in-state expenses and qualifying out-of-state expenses if at least fifty percent (50%) of the qualified film production project is filmed in Missouri. Another five percent (5%) may be earned for both qualifying in-state and qualifying out-of-stat expenses if the Department of Economic Development determines the film positively markets a city or region of the state.

This section allows the amount of tax credits to be increased by 10% if the project is located in a county of the second, third or fourth class.

This section states that this credit shall sunset on December 31, 2027, and further states that this section shall terminate on September first of the calendar year immediately following the calendar year in which the program is sunset.

This section could potentially decrease TSR, specific to GR by an estimated \$4.5 million per year. DOR notes this tax credit begins January 1, 2021, and therefore, the first tax returns will be filed starting in January 2022.

Fiscal Year	Decrease to Total State Revenue - General Revenue
FY 2021	\$0
FY 2022	(\$4,500,000)
FY 2023	(\$4,500,000)
FY 2024	(\$4,500,000)

For informational purposes, DOR notes this Film Production Tax Credit program was created in 1998 and sunset in 2013. Its original cap was \$1.5 million which was increased to \$4.5 million in 2008. Below is information on the authorization, issuance and redemption of the credits over the last several years.

Year	Authorized	Issued	Total Redeemed
FY 2020	\$0.00	\$0.00	\$0.00
FY 2019	\$0.00	\$0.00	\$0.00
FY 2018	\$0.00	\$0.00	\$672.38
FY 2017	\$0.00	\$0.00	\$2,375,651
FY 2016	\$0.00	\$0.00	\$6,832.00
FY 2015	\$0.00	\$2,387,097	\$389,942
FY 2014	\$2,927,000	\$386,000	\$119,800
FY 2013	\$639,772	\$0.00	\$56,665
FY 2012	\$139,070	\$1,390,070	\$4,839,217

DOR anticipates the need for one (1) FTE Associate Customer Service Representative for every 6,000 tax credits redeemed, one (1) FTE Associate Customer Service Representative for every 4,000 tax credit transfers with CISCO phones and licenses, one (1) FTE Associate Customer Service Representative for every 7,600 errors/correspondence generated and forms and programming changes.

Oversight notes, per the Tax Credit Analyses submitted for Fiscal Year’s 2013 & 2014, the following number of certificates were issued each of the following fiscal years for the Film Tax Credit Program:

Fiscal Year	Number of Certificates Issued
2010	4
2011	5
2012	2
2013	0
2014	1

Therefore, for purposes of this fiscal note, **Oversight** assumes the Missouri Department of Revenue can absorb the responsibilities of the tax credit program with existing resource. Should a significant increase in tax credit redemptions, tax credit transfers, and/or errors/correspondence occur, the Missouri Department of Revenue may seek additional FTE through the appropriation process.

Oversight notes, per the Tax Credit Analyses from Fiscal Year(s) 2010 – 2014, the Film Tax Credit recognized the following activity as it was administered before it sunset November 28, 2013:

Film Tax Credit (Sunset November 28, 2013)					
Fiscal Year	2010	2011	2012	2013	2014
Certificates Issued (#)	4	5	2	0	1
Projects (#)	4	2	3	3	3
Amount Authorized	\$1,768,989	\$38,041	\$139,070	\$639,772	\$2,927,000
Amount Issued	\$5,181,512	\$1,807,030	\$139,070	\$0	\$386,000
Amount Redeemed	\$1,925,158	\$1,563,218	\$4,839,217	\$56,665	\$119,800

Oversight notes the five (5) average amount of Film Tax Credit(s) issued is \$1,502,722.

Oversight notes the tax credit program put forth under this section would begin for all tax years beginning on or after January 1, 2021. Oversight notes Tax Year 2021 tax returns claiming the credit will not be filed until after January 1, 2022 (Fiscal Year 2022)

Oversight notes this section states that the tax credits certified shall not exceed a total of four million five hundred thousand dollars (\$4,500,000) per year.

Therefore, for purposes of this fiscal note, **Oversight** will report a revenue reduction to GR by an amount equal to “Up to \$1,502,722” (average amount of Film Tax Credit issued before sunset on November 28, 2013) to \$4,500,000 (tax credit cap) beginning in Fiscal Year 2022.

In response to similar legislation (SB 367 – 2021) officials from the **Missouri Department of Commerce and Insurance (DCI)** anticipated a potential unknown decrease of premium tax revenues (up to the tax credit limit established in the bill) as a result of the creation of the Show Missouri Film and Digital Media Act Tax Credit. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year and which insurers will qualify for the tax credit.

DCI will require minimal contract computer programming to add this new tax credit to the premium tax database and can do so under existing appropriation. However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process.

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Section 348.436 – Agricultural Product Utilization Tax Credit & New Generation Cooperative Incentive Tax Credit

Officials from the **DOR** state this section extends the Agricultural Product Utilization Contributor Tax Credit program and the New Generation Cooperative Incentive Tax Credit program from December 31, 2021 to December 31, 2027. These credits **share** a \$6 million annual cap.

For information purposes, DOR shows the issuance and redemption of these credits over the last nine (9) years. These credits began in 1999.

Agricultural Product Utilization Credit

Fiscal Year	Authorized	Issued	Total Redeemed
FY 2020	\$5,705,000.00	\$182,377.36	
FY 2019	\$195,000.00	\$168,988.98	\$2,278,431.86
FY 2018	\$4,068,190.27	\$4,048,690.27	\$2,785,905.52
FY 2017	\$3,247,845.84	\$2,908,334.26	\$2,638,868.14
FY 2016	\$2,513,350.09	\$2,513,350.09	\$1,553,332.97
FY 2015	\$2,376,167.67	\$2,376,167.67	\$1,051,661.96
FY 2014	\$1,573,719.77	\$1,573,719.77	\$2,022,953.37
FY 2013	\$1,062,510.26	\$1,062,510.26	\$1,267,239.12
FY 2012	\$2,479,356.45	\$2,479,356.45	\$1,468,155.74
TOTALS	\$23,221,140.35	\$17,313,495.11	\$15,066,548.68

New Generation Cooperative Credit

Fiscal Year	Authorized	Issued	Total Redeemed
FY 2020	\$1,500,000.00	\$360,000.00	\$467,167.83
FY 2019	\$3,153,843.50	\$0.00	\$839,615.09
FY 2018	\$2,011,156.50	\$1,931,717.01	\$1,431,010.11
FY 2017	\$1,873,475.00	\$2,383,129.06	\$2,093,123.93
FY 2016	\$1,481,529.00	\$1,278,144.64	\$1,730,341.67
FY 2015	\$7,938,220.00	\$2,112,545.32	\$2,842,869.70
FY 2014	\$4,267,500.00	\$4,426,280.23	\$4,747,229.63
FY 2013	\$5,612,982.00	\$4,937,489.74	\$2,100,091.11
FY 2012	-\$652,500.00	\$2,023,500.00	\$826,952.82
TOTALS	\$27,186,206.00	\$19,452,806.00	\$17,078,401.89

DOR does not anticipate that this section will cause any further fiscal impact on DOR or General Revenue (GR) as a result of the extended expiration date.

Oversight notes this section extends the expiration date for the Agricultural Product Utilization Contributor Tax Credit, as authorized under Section 348.430 and the New Generation Cooperative Incentive Tax Credit, as authorized under Section 348.432.

Oversight further notes, the aggregate amount of tax credits issued per fiscal year under Section(s) 348.430 and 348.432 shall not exceed six million dollars (\$6,000,000). In May of each year, the Missouri Agricultural and Small Business Development Authority determines whether six million dollars (\$6,000,000) will be utilized as New Generation Cooperative Incentive Tax Credits or not. The amount of New Generation Cooperative Incentive Tax Credit(s) that are determined to be unused may be sold as Agricultural Product Utilization Contributor Tax Credits.

Oversight's policy is to show the extension of the tax credit program(s) in the fiscal note.

Oversight notes the current expiration date for the Agricultural Utilization Product Contributor Tax Credit and the New Generation Cooperative Incentive Tax Credit is December 31, 2021. Oversight notes this section extends the expiration date to December 31, 2027.

Oversight notes that taxpayers who are awarded the Agricultural Product Utilization Contributor Tax Credit or the New Generation Cooperative Incentive Tax Credit in Tax Year 2022 will not file their tax returns claiming the tax credit until after January 1, 2023 (Fiscal Year 2023).

Therefore, **Oversight** will report the impact as a result of extending the end date of this tax credit program beginning in Fiscal Year 2023.

Oversight notes, per the Tax Credit Analyses received from the Missouri Department of Agriculture for Fiscal Year(s) 2016 - 2020, the Agricultural Product Utilization Contributor Tax Credit recognized the following activity:

Agricultural Product Utilization Contributor Tax Credit							
Fiscal Year	2016	2017	2018	2019	2020	2021 (Year To Date)	2022 (Budget Year)
Certificates Issued (#)	115	156	91	11	6	0	0
Projects/Participants (#)	12	13	14	23	9	0	0
Amount Authorized	\$2,513,350	\$3,247,846	\$4,068,190	\$195,000	\$190,000	\$0	\$0
Amount Issued	\$2,513,350	\$2,908,334	\$4,048,690	\$168,989	\$182,377	\$0	\$0
Amount Redeemed	\$1,553,333	\$2,638,686	\$2,785,906	\$2,278,432	\$2,713,523	\$0	\$0

Oversight notes the five (5) year average (Fiscal Year(s) 2016 – 2020) amount of Agricultural Product Utilization Contributor Tax Credit(s) issued equals \$1,964,348.

Oversight notes, per the Tax Credit Analyses received from the Missouri Department of Agriculture for Fiscal Year(s) 2016 - 2020, the New Generation Cooperative Incentive Tax Credit recognized the following activity:

New Generation Cooperative Incentive Tax Credit							
Fiscal Year	2016	2017	2018	2019	2020	2021 (Year To Date)	2022 (Budget Year)
Certificates Issued (#)	571	483	1076	0	24	0	0
Projects/Participants (#)	5	5	3	3	1	0	0
Amount Authorized	\$2,156,529	\$1,873,475	\$2,011,157	\$3,153,844	\$1,500,000	\$3,000,000	\$0
Amount Issued	\$1,278,145	\$2,383,129	\$1,931,810	\$0	\$360,000	\$0	\$0
Amount Redeemed	\$1,730,342	\$2,093,124	\$1,431,010	\$840,615	\$467,168	\$14,508	\$0

Oversight notes the five (5) year average (Fiscal Year(s) 2016 – 2020) amount of New Generation Cooperative Incentive Tax Credit(s) issued equals \$1,190,617.

Therefore, for purposes of this fiscal note, Oversight will report the extension of these tax credits as a reduction to GR by an amount “up to” \$3,154,965 (the combined five (5) year average amount of tax credits issued (\$1,964,348 + \$1,190,617)) to the shared cap of \$6,000,000, beginning in Fiscal Year 2023.

In response to the previous version of this proposed legislation, officials from **DCI** anticipated a potential unknown decrease of premium tax revenues (up to the tax credit limit established in the bill) as a result of the extension of the Agricultural Production tax credit. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year and which insurers will qualify for the tax credit.

Officials **B&P** state this section will not have an impact on B&P, will not have a direct impact on General Revenue or Total State Revenue, and will not impact the calculation pursuant to Article X, Section 18(e).

Officials from the **Missouri Department of Agriculture** do not anticipate this section will cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this organization.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Revenue Reduction - Section 135.305 – Extension Of The Wood Energy Tax Credit</u>	(\$740,000) or up to (\$6,000,000) depending on appropriation	(\$740,000) or up to (\$6,000,000) depending on appropriation	(\$740,000) or up to (\$6,000,000) depending on appropriation
<u>Revenue Reduction – Section 135.686 – Extension Of Meat Processing Facility Investment Tax Credit</u>	\$0	Up to (\$667,348) to (\$2,000,000)	Up to (\$667,348) to (\$2,000,000)
<u>Revenue Reduction – Section 135.750 – Tax Credit For Expenses For Production Of Qualified Film Projects</u>	Up to (\$1,502,772) to (\$4,500,000)	Up to (\$1,502,772) to (\$4,500,000)	Up to (\$1,502,772) to (\$4,500,000)
<u>Revenue Reduction – Section 348.436 – Extension of Agricultural Product Utility Contributor Tax Credit & New Generation Cooperative Incentive Tax Credit</u>	\$0	Up to (\$3,154,965) to (\$6,000,000)	Up to (\$3,154,965) to (\$6,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Up to (\$2,242,772) to (\$10,500,000)</u>	<u>Up to (\$6,065,085) to (\$18,500,000)</u>	<u>Up to (\$6,065,085) to (\$18,500,000)</u>

<u>FISCAL IMPACT –</u> <u>Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This proposed legislation could positively impact any small business that qualifies for the Wood Energy Tax Credit as the small business could reduce or eliminate their state tax liability for tax years not permitted under current law.

This proposed legislation could positively impact any small business that qualifies for the Meat Processing Facility Investment Tax Credit as such small business could reduce or eliminate such small business’s state tax liability.

This proposed legislation could positively impact any small business that qualifies for the Film Tax Credit as such small business could reduce or eliminate such small business’s state tax liability.

This proposed legislation could positively impact any small business that qualifies for the New Generation Cooperative Incentive Tax Credit or the Agricultural Product Utilization Tax Credit as such small business could reduce or eliminate such small business’s state tax liability.

FISCAL DESCRIPTION

WOOD ENERGY TAX CREDIT

A tax credit for the production of certain wood-energy processed wood products expired on June 30, 2020. This act extends the tax credit until June 30, 2027. (Section 135.305)

MEAT PROCESSING FACILITIES TAX CREDIT

Current law authorizes the Meat Processing Facility Investment Tax Credit for the expansion or modernization of meat processing facilities, with such tax credit program to expire December 31, 2021. This act extends such tax credit until December 31, 2027.

This act also provides that the maximum amount of tax credits that may be issued to a meat processing facility may be increased by ten percent for meat processing facilities located in a county of the second, third, or fourth class. (Section 135.686)

FILM PRODUCTION TAX CREDIT

This act creates the "Show Missouri Film and Digital Media Act".

This act reauthorizes a tax credit for certain expenses related to the production of qualified film production projects in this state, as defined in the act. Tax credits for such expenses under previous law expired on November 28, 2013.

For all tax years beginning on or after January 1, 2021, this act authorizes a tax credit equal to 25% of qualifying in-state expenses, as defined in the act, and 10% of qualifying out-of-state expenses, as defined in the act, associated with the production of a qualified film production project. An additional 5% may be awarded for both qualifying in-state and out-of-state expenses if at least 50% of the qualified film production project is filmed in Missouri. A further additional 5% may be awarded for both qualifying in-state and out-of-state expenses if the Department of Economic Development determines that the script for such project positively markets a city or region of the state, the entire state, or a tourist attraction located in the state. The total dollar amount of tax credits awarded to a qualified film production project may be increased by ten percent if such project is located in a county of the second, third, or fourth class.

This provision shall sunset on December 31, 2027, unless reauthorized by the General Assembly. (Section 135.750)

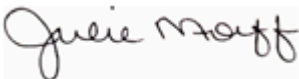
AGRICULTURAL PRODUCTION TAX CREDITS

Current law authorizes tax credits for contributions to the Missouri Agriculture and Small Business Development Authority and investments in new generation cooperatives for the purpose of development of agricultural business, with such tax credit programs to expire December 31, 2021. This act extends such tax credits until December 31, 2027. (Section 348.436)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration – Budget & Planning Division
Missouri Department of Commerce and Insurance
Missouri Department of Revenue
Missouri Department of Agriculture
Missouri Department of Natural Resources



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