

HCS HB 2016 -- TAX CREDIT FOR CERTAIN CATTLE SALES

SPONSOR: Munzlinger (Schlottach)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Agri-Business by a vote of 10 to 0.

This substitute establishes the Qualified Beef Tax Credit Act which authorizes the Agricultural and Small Business Development Authority to issue a tax credit certificate in an amount equal to 10 cents per pound above 450 pounds when qualified beef cattle are sold and 10 cents per pound at a subsequent sale if the weight of the qualified beef at the subsequent sale is greater than the weight at the previous sale. The beef cattle must be born in Missouri after August 28, 2006, must not be breeding stock, and must have been raised and finished instate to qualify for the tax credit. The authority will require submission of an application for the tax credit including certain information which will be confidential.

The tax credit must be claimed in the year the qualifying sale occurs, but any unused portion may be carried back three taxable years, carried forward five taxable years, assigned, transferred, or sold. The maximum amount of tax credits that may be claimed beginning January 1, 2007, and ending December 31, 2010, is \$10 million in any tax year but cannot exceed \$30 million in total. If the demand among qualified applicants for tax credits exceeds \$10 million in any year, the tax credits will be prorated among the qualified applicants.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$57,149 in FY 2007, \$75,197 to \$10,075,197 in FY 2008, and \$77,078 to \$10,077,078 in FY 2009. No impact on Other State Funds in FY 2007, FY 2008, and FY 2009.

PROPOSERS: Supporters say that over one million of the approximately two million calves born in Missouri are shipped out of state to be fattened. The byproducts from renewable fuel production facilities need a market. This tax credit incentive will stimulate instate feeding of beef cattle. For every dollar of tax credit issued, the state will experience over \$13.50 of direct economic benefit.

Testifying for the bill were Representative Schlottach; Department of Agriculture; University of Missouri, College of Agriculture, Food and Natural Resources; and Dennis Mickroy, Circle A Ranch.

OPPOSERS: There was no opposition voiced to the committee.

Roland Tackett, Legislative Analyst