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**Rules of  
Department of Natural Resources**

**Division 140—Division of Energy  
Chapter 4—Wood Energy Credit**

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**Title 10—DEPARTMENT OF  
NATURAL RESOURCES  
Division 140—Division of Energy  
Chapter 4—Wood Energy Credit**

**10 CSR 140-4.010 Wood Energy Credit**

*PURPOSE: This rule establishes the requirements and procedures for claiming the tax credit on wood energy products as well as extending the tax credit eligibility dates as provided for in sections 135.300–135.311, RSMo 2000 and RSMo Supp. 2014.*

(1) Definitions.

(A) Charcoal—The solid carbonaceous residue remaining following the pyrolysis (carbonization or destructive distillation) of carbonaceous raw materials. Charcoal is produced batchwise or continuously by heating the raw materials in kilns or furnaces with limited quantities of air. Only the pure charcoal or raw charcoal produced from Missouri forest industry residue by a Missouri wood energy producer is eligible for the wood energy tax credit.

(B) Missouri forestry industry residue—Residue that results from normal timber harvest or production from a location within Missouri. It includes slash, saw dust, shavings, edgings, slabs, leaves, bark, and timber thinnings from timber stand improvements which are located within Missouri.

(C) Processed wood products—Wood pellets, cubes, charcoal, flour, or any product that results from thermal, chemical, or mechanical processes that sufficiently alter Missouri forestry industry residue into a product that can be used as an energy source. Processed wood products can not exceed a moisture level of twenty percent (20%) dry weight. Items that do not qualify as processed wood products are—hogged wood, chipped wood, and any by-products produced from these processed wood products (that is, the sale and production of heat, steam, and/or electricity from Missouri forestry industry residue).

(D) Wood energy producer—Any person, firm, or business who engages in the business of producing processed wood products from Missouri forest industry residue to be used as an energy source.

(E) Wood energy producing facility—A Missouri facility using Missouri forestry industry residue to produce processed wood products.

(2) A Missouri wood energy producer shall make application for the credit to the Missouri Department of Natural Resources, Division of Energy. Applications can be made

for processed wood products resulting from the use of Missouri forestry industry residue used on or after January 1, 1997. Applications must be received by the Division of Energy by June 30 of the year immediately following the calendar year of production. Unused credit may be carried over to any subsequent taxable year, not to exceed four (4) years, subject to 10 CSR 140-4.010(3). The application will include the number of tons of processed wood products produced in Missouri during the preceding calendar year, the name and address of the purchaser to whom the processed wood products were initially sold, the number of tons sold to each initial purchaser, and any documentation required by the Department of Natural Resources. The application will be received and reviewed by the Department of Natural Resources, Division of Energy, and that division will certify to the Department of Revenue all applicants which qualify as a wood energy producer.

(3) The tax credit to the wood energy producer shall be five dollars (\$5) per ton of processed Missouri forestry industry residue. The calculation of the tax credit shall be five dollars (\$5) per ton of wood pellets sold and for charcoal shall be five dollars (\$5) per ton of charcoal sold, adjusted by a multiplier of four

(4). The formula used to calculate the tax credit for charcoal is based on the amount of Missouri forest industry residue required to produce one (1) ton of charcoal. The processor of the Missouri forestry industry residue shall receive the tax credit. Any Missouri forestry industry residue used to produce heat in the manufacture of processed wood products does not qualify for the tax credit. There can be only one (1) tax credit claimed on any given Missouri forestry industry residue. Applicants who qualify through the Department of Natural Resources, Division of Energy, and are certified to the Department of Revenue by the Department of Natural Resources, Division of Energy, for the tax credit may claim the credit for a period of five (5) years. The credit can only be used against the income tax otherwise due. This credit is not available for use against withholding tax liabilities. Any credit which exceeds the tax due shall not be refunded but may be carried forward to four (4) succeeding tax years. In the event that the total amount of credits applied for in a given year exceeds the total amount of the appropriation authorized, the amount of each credit will be adjusted on a *pro rata* basis so that the total amount of credits authorized does not exceed the total amount of the appropriation made for that year. In the event that an issued *pro rata* adjusted tax credit is not redeemed in part or

in its entirety, only the amount of the issued credit may be carried forward. If the credit is not used or assigned within five (5) years it expires.

(4) The wood energy producer may elect to assign to a third party or parties the approved tax credit, if the credit has not expired or has not been previously used. The certification of the assignment must be filed with the Missouri Department of Revenue on a department form at the time the assignment takes place.

(5) The Department of Revenue will work with the Missouri Department of Natural Resources, Division of Energy, to generate a report to be provided to the Division of Energy within thirty (30) days following the end of the fiscal year on the amount and value of credits redeemed as of June 30 during the most recent fiscal year. This will allow the division to include any outstanding carry forward credit amounts in budget considerations.

(6) A wood energy producer using the federal credit for wood energy is not eligible to claim the state tax credit.

(7) In no event shall the aggregate amount of all authorized, issued, and redeemable tax credits under sections 135.300 to 135.311, RSMo exceed six (6) million dollars in any given fiscal year.

(8) For tax credits authorized or issued after July 1, 2015, in no event shall the aggregate tax credit amount authorized and issued in a given fiscal year exceed appropriations for that fiscal year.

(9) Amounts authorized and issued before July 1, 2015 shall be grandfathered.

*AUTHORITY: sections 135.300–135.311, 536.010, and 536.023.3, RSMo 2016.\* This rule originally filed as 10 CSR 140-4.010 and 4 CSR 340-4.010. Original rule filed Dec. 31, 1991, effective May 14, 1992. Amended: Filed June 23, 1997, effective Feb. 28, 1998. Amended: Filed April 22, 1998, effective Dec. 30, 1998. Moved to 4 CSR 340-4.010, effective Aug. 28, 2013. Amended: Filed Nov. 16, 2015, effective April 30, 2016. Emergency amendment filed Nov. 14, 2016, effective Nov. 24, 2016, expired May 22, 2017. Amended: Filed Nov. 14, 2016, effective July 30, 2017. Moved to 10 CSR 140-4.010, effective Jan. 15, 2020. Non-substantive change filed May 23, 2022, published July 31, 2022.*

*\*Original authority: 135.300, RSMo 1985, amended 1996; 135.305, RSMo 1985, amended 1996, 2008, 2014; 135.307, RSMo 1985, amended 1996; 135.309, RSMo*



*1985, amended 1996; 135.311, RSMo 1985, amended 1991, 1996; 536.010, RSMo 1945, amended 1957, 1976, 2004, 2005, 2006; 536.023, RSMo 1975, amended 1976, 1997, 2004.*