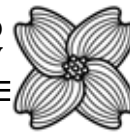




RULES OF
Department of Agriculture
**Division 100—Missouri Agricultural and Small
Business Development Authority**
Chapter 13—Specialty Agricultural Crops Act

Title	Page
2 CSR 100-13.010	Description of Operation, Definitions, Method of Distribution, and Reporting Requirements 3



TITLE 2 – DEPARTMENT OF AGRICULTURE
Division 100 – Missouri Agricultural and Small
Business Development Authority
Chapter 13 – Specialty Agricultural Crops Act

2 CSR 100-13.010 Description of Operation, Definitions, Method of Distribution, and Reporting Requirements

PURPOSE: This rule describes the operation of the program, defines terms, establishes the application procedure, method used to distribute tax credits, and the method of reporting sales.

PUBLISHER'S NOTE: The secretary of state has determined that publication of the entire text of the material that is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. This material as incorporated by reference in this rule shall be maintained by the Missouri Department of Agriculture, Missouri Agricultural and Small Business Development Authority, and is available by emailing masbda@mda.mo.gov, by calling (573) 751-2129, and at its headquarters at 1616 Missouri Boulevard, Jefferson City, Missouri, and shall be made available to the public for inspection and copying at no more than the actual cost of reproduction. This note applies only to the reference material. The entire text of the rule is printed here.

(1) General Organization.

(A) The Missouri Agricultural and Small Business Development Authority (authority) is authorized to issue specialty agricultural crops tax credits to lenders as defined in section 348.491.2(3), RSMo.

(2) Definitions –

(A) "Authority" means the Missouri Agricultural and Small Business Development Authority created in section 348.020, RSMo;

(B) "Eligible loan" means purchase of farming resources such as specialty crop seeds, seedlings, or trees; soil amendments including compost; irrigation equipment; fencing; row covers; trellising; season extension equipment; refrigeration equipment; and equipment for planting and harvesting. A list of eligible specialty crops may be found or may be requested by emailing masbda@mda.mo.gov or calling (573) 751-2129. Loans for operating expenses such as salaries, utilities, mortgage, etc., are not eligible;

(C) "Family" means residing at the same physical residential address;

(D) "Family farmer" means a farmer who is a Missouri resident and who has less than one hundred thousand dollars (\$100,000) in agricultural sales per year;

(E) "Lender" means any state or national bank, federal land bank, production credit association, bank for cooperatives, federal or state-chartered savings and loan association, or building and loan association or small business investment company that is subject to credit examination by an agency of the state or federal government, or any other lending institution approved by the insurer or guarantor of an agricultural development loan, small business development loan, or small business pollution control facility loan which undertakes to make or service such a loan;

(F) "Maximum eligible loan" cannot exceed ninety percent (90%) of the cost of purchasing specialty crops farming resources, or thirty-five thousand dollars (\$35,000), whichever is less;

(G) "Specialty crop" means fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops including but

not limited to floriculture. "Specialty crop" shall not include medical marijuana, recreational marijuana, or industrial hemp; and

(H) "Tax credit" means a credit against the tax otherwise due under the provisions of Chapter 143, 147, or 148, RSMo, exclusive of the provisions relating to the withholding of tax as provided for in sections 143.191 to 143.265, RSMo, and related provisions.

(3) Operation of the Program.

(A) Application. Lenders who wish to apply for a tax credit shall apply to the authority on forms provided by the authority, and provide the following information:

1. Lender's completed loan application, promissory note, amortization schedule, and security filings;
2. Family farmer's current financial statement (cannot be more than six (6) months old);
3. Projected global cash flow, post loan closing;
4. List of farming resources purchased and the cost for each;
5. The family farmer must be able to provide proof of citizenship, identity, and residence and employer status; and
6. In order to determine eligibility, the authority reserves the right to request additional documentation and information from the family farmer to document or clarify information submitted with the application.

(B) Fees. The authority may charge a one- (1-) time loan review fee of one percent (1%) of the approved specialty crop loan.

(C) Approval. The authority's approval shall take into consideration –

1. The family farmer's ability to repay the specialty agricultural crops loan;
2. The general economic conditions of the area in which the farm is located;
3. The prospect of a financial return for the family farmer for the type of farming resource for which the specialty agricultural crops loan is sought; and
4. Such other factors as the authority may establish.

(D) Issuance. Lenders shall receive a tax credit from the authority in lieu of the first year interest being paid by a family farmer on qualifying loans. The approved tax credit will be up to one hundred percent (100%) of the approved first year's interest waived on a qualified eligible loan.

1. The authority will issue the tax credit certificate after –

- A. Receiving a certification from the lender of the actual interest waived after the first year of the eligible loan. The interest due certification must be received no later than thirty (30) days after the first year anniversary of the loan; and
- B. Receiving a certification from the family farmer of the specialty crops sales resulting from the farming resources purchased from the proceeds of the Specialty Agricultural Crops loan.

(E) Usage of Tax Credits.

1. The Department of Revenue shall accept a certificate of tax credit in lieu of other payment in such amount as is equal to the lesser of the amount of the tax or the remaining unused amount of the credit as indicated on the tax credit certificate and shall indicate on the tax credit certificate the amount of tax thereby paid and the date of such payment.

2. The tax credits claimed in a taxable year may be claimed on a quarterly basis and applied to the estimated quarterly tax of the lender.

3. A lender may assign, transfer, sell, or otherwise convey tax credits authorized under this section, with the new owner of the tax credit receiving the same rights in the tax credit as



the lender. For any tax credits assigned, transferred, sold, or otherwise conveyed, a notarized endorsement shall be filed by the lender with the authority specifying the name and address of the new owner of the tax credit and the value of such tax credit.

4. Any amount of tax credit which exceeds the tax due including any estimated quarterly taxes paid by the lender that result in an overpayment of taxes for a tax year shall not be refunded but may be carried over to any subsequent taxable year, not to exceed a total of three (3) years for which a tax credit may be taken for a qualified specialty agricultural crops loan.

(F) Audit. The authority reserves the right to audit approved loans to ensure compliance with program requirements for a period of seven (7) years from the date of the loan.

(G) Fraud. Fraud in the application process shall result in a penalty equal to one hundred percent (100%) of the credits issued. No taxpayer shall be deemed to have committed fraud in the application process for any credit unless such conclusion has been reached by a court of competent jurisdiction or the administrative hearing commission.

(H) The provisions of the Specialty Agricultural Crops Act shall automatically sunset on December 31, 2028, unless reauthorized by an act of the general assembly.

*AUTHORITY: section 348.491, RSMo Supp. 2022. * Original rule filed April 14, 2023, effective Sept. 30, 2023.*

**Original authority: 348.491, RSMo 2022.*