Rules of
Department of Agriculture
Division 100—Missouri Agricultural and Small Business Development Authority
Chapter 12—Meat Processing Facility Investment Tax Credit Program

Title 2—DEPARTMENT OF AGRICULTURE
Division 100—Missouri Agricultural and Small Business Development Authority
Chapter 12—Meat Processing Facility Investment Tax Credit Program

2 CSR 100-12.010 Description of Operation, Definitions, Method of Distribution, and Repayment of Tax Credits

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

(1) General Organization.

(A) The Missouri Agricultural and Small Business Development Authority (Authority) is authorized to issue meat processing facility investment tax credits to a "meat processing facility" as defined in section 135.686, RSMo.

(2) Definitions.

(A) "Authority" means the Missouri Agricultural and Small Business Development Authority established in Chapter 348.

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

(C) "Meat processing modernization or expansion" means 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, 2021:

1. Building construction including livestock handling, product intake, storage, and warehouse facilities;

2. Building additions;

3. Upgrades to utilities including water, electric, heat, refrigeration, freezing, and waste facilities;

4. Livestock intake and storage equipment;

5. Processing and manufacturing equipment including cutting equipment, mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking equipment, pipes, motors, pumps, and valves;

6. Packing and handling equipment including sealing, bagging, boxing, labeling, conveying, and product movement equipment;

7. Warehouse equipment including storage and curing racks;

8. Waste treatment and waste management equipment including tanks, blowers, separators, dryers, digesters, and equipment that uses waste to produce energy, fuel, or industrial products;

9. Computer software and hardware used for managing the meat processing facility's meat processing operation including software and hardware related to logistics, inventory management, production plant controls, and temperature monitoring controls; and

10. Construction or expansion of retail facilities or the purchase or upgrade of retail equipment for the commercial sale of meat products if the retail facility is located at the same location as the meat processing facility.

(D) "Tax credit" means a credit against the tax otherwise due under Chapter 143, RSMo, excluding withholding tax imposed under sections 143.191 to 143.265, RSMo, or otherwise due under Chapter 147, RSMo.

(E) "Used exclusively" means used to the exclusion of all other uses except for use not exceeding five percent (5%) of total use.

(3) Operation of the Program.

(A) Application: Meat processing facilities 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. Documentation showing the type and quantity (in pounds) of meat product processed in the facility for the past three (3) calendar years;

2. Documentation showing the meat processing modernization or expansion such as paid invoices and cancelled checks, receipts of payment, and/or paid contracts; and

3. In order to determine eligibility, the Authority reserves the right to request additional documentation and information from the meat processing facility to document or clarify information submitted in the application.

(B) Fees: The Authority may charge fees associated with the application review and issuance of the tax credits in an amount determined by the Authority.

(C) Issuance: Tax credits will be issued on an "as received" basis when the required criteria specified herein are met.

(D) Allocation: The amount of the tax credit which may be issued to an approved meat processing facility shall be—

1. Twenty-five percent (25%) of the investment annually in an approved meat processing modernization or expansion, but the total tax credit that any approved meat processing facility may claim shall not exceed seventy-five thousand dollars ($75,000) per tax year; and

2. Claimed in the year in which the allowable expenses were paid, but any amount of credit that the taxpayer is prohibited by this section from claiming in a tax year, may be carried forward to any of the taxpayer's four (4) subsequent tax years.

(E) Proration: If two (2) or more persons own and operate the meat processing facility, each person may claim a tax credit under this section in proportion to his or her ownership interest, except that the aggregate amount of the tax credits claimed shall not exceed seventy-five thousand dollars ($75,000) per year, per meat processing facility.

(F) Annual Reporting and Verification.

1. Annual Reporting: The approved meat processing facility shall annually, for a period of three (3) years following issuance of the tax credits on forms provided by the Authority, provide the following information to the Authority:

A. Type and quantity (in pounds) of agricultural commodity processed;

B. Amount of investment;

C. Type of equipment purchased;

D. Name, location, and description of the facility; and

E. Actual number of permanent full-time, permanent part-time, and seasonal part-time jobs for each month of the preceding twelve (12) month period.

2. Verification: Verifying the meat processing modernization or expansion within three (3) years of the issuance of the tax credits shall be based on reporting and site evaluation of the meat processing facility for which tax credits were issued as established by the Authority on forms provided by the Authority, and shall include the following:

A. Audit: The Authority reserves the right to audit any approved meat processing facility's production records to ensure compliance with program requirements;

B. Records Maintenance: The approved meat processing facility must retain all documentation for the last seven (7) years from the date of the tax credits issuance related to the processing of meat products and the qualifying investments used in the application to secure Authority approval; and

C. Additional Information: In order to verify the meat processing modernization or expansion, the Authority reserves the right to request additional documentation and information from the meat processing facility to document or clarify information submitted.

(G) Penalties and Repayment of Tax Credits.

1. Fraud: Fraud in the application process, as determined by a court of competent jurisdiction or the Administrative Hearing Commission, shall result in a penalty up to

one hundred percent (100%) of the credits issued.

2. Repayment of Tax Credits: The Authority may revoke, in full or part, any tax credit issued if—

A. Any representation made to the Authority in connection with an application proves to have been false when made;

B. The meat processing facility fails to increase production within three (3) years of issuance of the tax credit; or

C. The application fails to comply with these rules.

3. Reporting: After the tax credits have been issued, any failure to meet the annual reporting requirements shall result in the following penalties:

A. Failure to report for more than six (6) months but less than one year shall result in a penalty up to two percent (2%) of the value of the tax credits issued for each month of delinquency during such time period;

B. Failure to report for more than one (1) year shall result in a penalty up to ten percent (10%) of the value of the tax credits issued for each month of delinquency during such time period up to one hundred percent (100%) of the value of the tax credit issued; and

C. Penalties shall remain the liability of the person or entity obligated to complete the annual reporting, without regard to any transfer of the tax credits.

AUTHORITY: section 135.686, RSMo 2016. Original rule filed June 15, 2017, effective Dec. 30, 2017.*

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