

MISSOURI AGRICULTURAL AND SMALL BUSINESS

DEVELOPMENT AUTHORITY (MASBDA)

Meat Processing Facility Investment Tax Credit Act Guidelines and Procedures

Legal Authorization: **Chapter 135.686 RSMo (2023)**

A. PURPOSE OF THE PROGRAM

The Meat Processing Facility Investment Tax Credit Act was enacted to stimulate investment in the meat processing industry in Missouri and to enable the livestock industry to capture more value in the form of further processed meat products.

B. DEFINITIONS

1. **“Authority”**, the agricultural and small business development authority established in chapter 348;
2. **“Meat processing facility”**, any commercial plant, located in Missouri, as defined under section 265.300 at which livestock are slaughtered or at which meat or meat products are processed for sale commercially and for human consumption;
3. **“Meat processing modernization or expansion”**, 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, 2028:
 - a) Building construction including livestock handling, product intake, storage, and warehouse facilities;
 - b) Building additions;
 - c) Upgrades to utilities including water, electric, heat, refrigeration, freezing, and waste facilities;
 - d) Livestock intake and storage equipment;
 - e) Processing and manufacturing equipment including cutting equipment, mixers, grinders, sausage stuffers, meat smokers, curing equipment, pipes, motors, pumps, valves;
 - f) Packaging and handling equipment including sealing, bagging, boxing, labeling, conveying, and product movement equipment;
 - g) Warehouse equipment including storage and curing racks;
 - h) Waste treatment and waste management equipment including tanks, blowers, separators, dryers, digesters, and equipment that uses waste to produce energy, fuel, or industrial products;
 - i) Computer software and hardware used for managing the claimant’s meat processing operation including software and hardware related to logistics, inventory management, production plant controls, and temperature monitoring controls; and;
 - j) 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.

4. **“Tax credit”**, a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, or otherwise due under chapter 147;

5. **“Taxpayer”**, any taxpayer (individual or entity) who:

- a) Is subject to the tax imposed under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, or the tax imposed under chapter 147;
- b) In the case of an individual, is a resident of this state as verified by a 911 address or, in the absence of a 911 system, a physical address; and
- c) Own and operates a meat processing facility located in this state and employs a combined total of fewer than five hundred individuals in all meat processing facilities owned by the individual or entity in this country;

6. **“Used exclusively”**, used to the exclusion of all other uses except for use not exceeding five percent (5%) of total use.

C. ELIGIBILITY QUALIFICATIONS – Meat Processing Facility

1. Owner and operator who completes a meat processing facility modernization or expansion activity(ies) that occur on or after January 1, 2017 through December 31, 2028;
2. Pursuant to 285.530 RSMo, all applicants are required to provide proof of citizenship, identity, and residency at the time of applying for any state administered benefits. An applicant must also certify through the federal E-Verify Program that the applicant does not employ unauthorized aliens.
3. Modernization or expansion activity(ies) paid for or reimbursed by state or federal funds are not considered eligible expenses for the Meat Processing Facility Investment Tax Credit.

D. APPLICATION PROCESS – Meat Processing Facility

1. Meat processing facility shall submit the Meat Processing Facility Investment Tax Credit Application to the Authority on a continuous basis and the application will be processed on an as received basis until the calendar year limit is reached.
2. Meat Processing Facility shall submit the following with the completed application:
 - a) A non-refundable application review fee of \$100.00, which is required at the time of submission to the Authority.
 - b) Historical documentation of the quantity of meat product processed entering the facility in pounds for the past three (3) calendar years.
 - c) Documentation of completed eligible facility investments; which shall include paid invoices and cancelled checks, and/or paid contracts by calendar year.
 - d) Documentation of compliance with the appropriate food safety inspection agency or exemption status.
3. Upon receipt of the application, the Authority will do the following:
 - a) Review the application for completeness and accuracy
 - b) If the Authority has any questions, concerns, and or needs additional documentation, they will contact the meat processing facility

- c) Once the review process is completed, the application will be submitted to the MASBDA Commission for approval at the monthly board meeting.
- d) Following the monthly board meeting, the Authority will notify the meat processing facility in writing that the application was approved or denied.
- e) If the application is approved, the Authority will calculate the appropriate application issuance fee of 3% of the approved tax credit amount. This fee is required to be paid by the meat processing facility and received by the Authority prior to the issuance of the tax credit.

E. ISSUANCE OF THE TAX CREDITS

1. **The tax credits will be issued on an as-received basis for meat processing facility production expansion projects until the calendar year limit of \$2,000,000 is reached.**
2. If two or more persons own and operate the meat processing facility, each person may claim a credit in proportion to his or her ownership interest; except that the aggregate amount of the credits claimed by all persons who own and operate the meat processing facility shall not exceed seventy-five thousand dollars (\$75,000) per year.
3. Any tax credits not issued in any calendar year shall expire and shall not be issued in any subsequent years.

F. LIMITATIONS OF THE TAX CREDITS

1. **Allocation of tax credits:** \$2,000,000 in tax credits are available per calendar year, subject to budgetary constraints, for the Meat Processing Facility Investment Tax Credit Act (Chapter 135.686 RSMo). Tax credits shall be issued on an as-received application basis until the calendar year limit is reached. Any credits not issued in any calendar year shall expire and shall not be issued in any subsequent year.
2. For all tax years beginning on or after January 1, 2017, but ending on or before December 31, 2028 a taxpayer shall be allowed a tax credit for meat processing modernization or expansion related to the taxpayer's meat processing facility. The tax credit shall be equal to twenty-five percent (25%) of the amount the taxpayer paid in the tax year for meat processing modernization or expansion.
3. The total amount of tax credits that any taxpayer may claim shall not exceed \$75,000 per facility per year.
4. **Revocation or Repayment of Tax Credits:** MASBDA shall recapture, in full or part, the value of any credits issued to a Missouri Meat Processing Facility if any representation made by the applicant to MASBDA proves to have been false when made. Liability for repayment or recoupment of tax credits for any misrepresentation remains with the original tax credit owner.
5. The amount of tax credit claimed shall not exceed the amount of the taxpayer's state tax liability due under Chapters 143 and 147 RSMo, excluding withholding tax imposed by section 143.191 to 143.265 RSMo, for the tax year for which the credit is claimed. The tax credit is not refundable.
6. The tax credit shall be claimed in the tax year in which the approved project occurred. Any amount that cannot be used may be carried forward to any of the taxpayer's four (4) subsequent tax years.

7. Tax credits may be assigned, transferred, sold or otherwise conveyed. If a tax credit is assigned, transferred, sold or otherwise conveyed, a notarized endorsement shall be filed with MASBDA specifying the name and address of the new owner, in which case the new owner shall have the same rights in the tax credits as the original owner.

G. RECORDS, AUDIT, AND ACCOUNTABILITY

The Authority is authorized by Section 135.686 RSMo, to keep the information provided under this section confidential and shall not be disclosed except by court order, subpoena or as otherwise provided by law. As provided in statute, this information may be shared with state and federal animal health officials.

1. **Audit:** The Authority reserves the right to audit any approved meat processing facility production records to ensure compliance with program requirements.
2. **Records maintenance:** The approved meat processing facility must retain all documentation related to the processing of meat products and the qualifying investments used in the application to secure Authority approval.
3. **Additional Information:** The Authority reserves the right to request additional information from the applicant to document or clarify items submitted in the application.
4. **Reporting:** A recipient (eligible meat processing facility) of an agricultural tax credit shall annually, for a period of three (3) years following issuance of tax credits, submit an annual report to the Missouri Agricultural and Small Business Development Authority. The annual report is required to confirm the following:
 - a) type and pounds of each agricultural commodity processed
 - b) amount of investment
 - c) type of equipment purchased
 - d) name and description of the facility
 - e) the actual number of permanent full-time, permanent part-time, and seasonal part-time jobs for each month of the preceding twelve (12) month period.

The reporting requirements established in this section shall be due annually on June 30th of each year. No person or entity shall be required to make an annual report until at least one year after the credit issuance date.

After credits have been issued, any failure to meet the annual reporting requirements or any determination of fraud in the application process shall result in penalties as follows:

- a) Failure to report for more than six months but less than one year shall result in a penalty equal to two percent of the value of the credits issued for each month of delinquency during such time period;
- b) Failure to report for more than one year shall result in a penalty equal to ten percent of the value of the credits issued for each month of delinquency during such time period up to one hundred percent of the value of the credit issued is assessed by way of penalty;

- c) Fraud in the application process shall result in a penalty equal to one hundred percent 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.

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

H. SUBMISSION OF INFORMATION

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