

TAX CREDIT ANALYSIS

Program Name: Charcoal Producers Tax Credit		
Department: Natural Resources	Contact Name & No.: Carolyn Kliethermes (573) 751-4817	Date: October, 2011
Program Category: Environmental	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: RSMo 135.313	Applicable Taxes: State, corporate, and individual income taxes	

Program Description and Eligibility Requirements:
 Any person, firm or corporation who engages in the business of producing charcoal or charcoal products in the state of Missouri shall be eligible for a tax credit on income taxes otherwise due pursuant to chapter 143 RSMo, except sections 143.191 to 143.261, RSMo, as an incentive to implement safe and efficient environmental controls. The tax credit shall be equal to fifty percent of the purchase price of the best available control technology equipment connected with the production of the charcoal in the state of Missouri or, if the taxpayer manufactures such equipment, fifty percent of the manufacturing cost of the equipment, to and including the year the equipment is put into service. The credit may be claimed for a period of eight years beginning with the 1998 calendar year and is to be a tax credit against the tax otherwise due.

Explanation of How Award is Computed: Entitlement Discretionary _____
 The tax credit is equal to fifty percent of the purchase price of the best available control technology equipment connected with the production of charcoal in the state of Missouri, or if the taxpayer manufactures such equipment, fifty percent of the manufacturing cost of the equipment, to and including the year the equipment is put into service.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None
Explanation of cap: N/A

Explanation of Expiration of Authority: The credit may be claimed for a period of eight years beginning with the 1998 calendar year. The eight year window for applying for this credit ended at the end of calendar year 2005. Carryforward provisions will allow redemption in subsequent taxable years, not to exceed seven years. Therefore, any credits remaining may be redeemed through calendar year 2012 (FY 2013).

Specific Provisions: (if applicable)
 Carry forward 7 years Carry Back _____ years Refundable _____ Sellable/Assignable Additional Federal Deductions Available _____

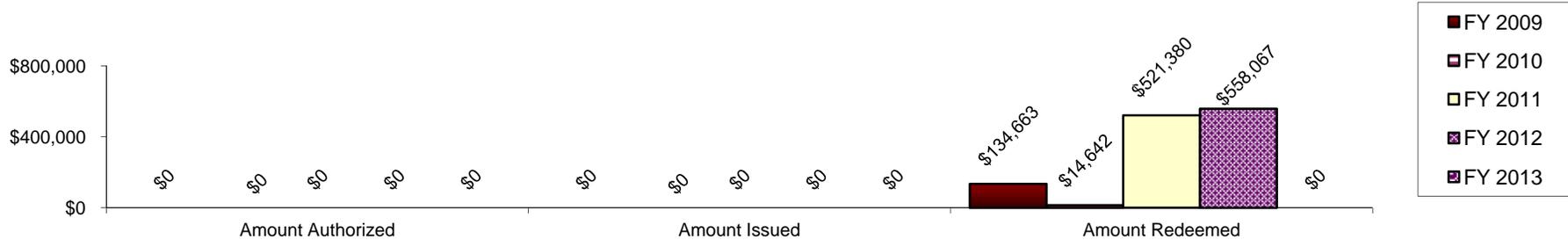
Comments on Specific Provisions:

	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 (current year)	FY 2013 (budget year)
Certificates Issued (#)	0	0	0	0	0
Projects (#)	0	0	0	0	0
Amount Authorized	\$0	\$0	\$0	\$0	\$0
Amount Issued	\$0	\$0	\$0	\$0	\$0
Amount Redeemed	\$134,663	\$14,642	\$521,380	\$558,067	\$0
EST. Amount Outstanding	N/A	N/A	\$558,067	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$0	N/A	N/A

TAX CREDIT ANALYSIS

Program Name: Charcoal Producers Tax Credit

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

Tax credits issued in prior years include \$101,369 in FY 2000, \$193,887 in FY 2001, \$420,354 in FY 2003, \$193,568 in FY 2004, \$146,606 in FY 2005, \$248,966 in FY 2006, \$621,470 in FY 2007 and \$166,068 in FY 2008.

Because the tax credit has a roll forward provision, making timing of redemptions unknown, the assumption used is that all outstanding authorized and issued credits will be claimed in the current year.

The cost of the controls and expected tax credits are based upon the charcoal kiln industry implementing mandatory controls. The estimated expenditures for best available control technology (BACT) equipment are derived from discussions with the charcoal kiln industry.

The tax credit expired at the end of calendar year 2005, at which time the expense had to be incurred in order to claim the credit. There are no estimated tax credit issuances for FY 2012 or FY 2013.

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2011 ACTIVITY	Other Fiscal Period (indicated time period)	Derivation of Benefits:
BENEFITS			We are unable to quantify the dollar value benefit of a ton of emission prevented.
Direct Fiscal Benefits			
Indirect Fiscal Benefits			
Total			
COSTS			
Direct Fiscal Costs			
Indirect Fiscal Costs			
Total			
BENEFIT: COST			

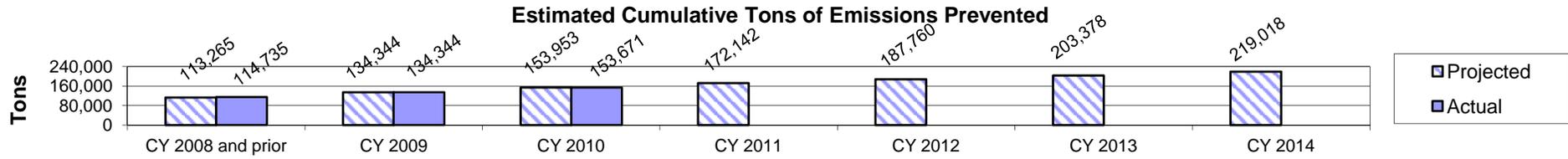
Other Benefits: Using estimated data for the tax credits, the cost to implement controls is approximately \$283 per ton of emission based on the total cost of the control technology installed as compared to the tons of emissions prevented by that technology. Assuming a useful life of 10 years, the annualized cost would be approximately \$28.31 per ton. This can be compared to the following information obtained from recent permits:

Average Costs per Ton of Control Equipment Installed: Cost per Ton for Carbon Monoxide Control - \$5,000

PERFORMANCE MEASURE(S)

TAX CREDIT ANALYSIS

Program Name: Charcoal Producers Tax Credit



Comments on Performance Measure: The performance measure is based on estimates for emissions prevented by installing control equipment. Projected emission prevention is based on historical information and control equipment now in place. Tax credits issued since inception of the program through FY2011 totaled \$2,092,288. The benefit of reduced emissions will continue to accumulate through the life of the control equipment.