TAX CREDIT ANALYSIS

Program Name: Qualified Beef Tax Credit

Department: Agriculture | **Contact Name & No.:** Tony Stafford (573) 751-5624 | **Date:** 9/10/12

Program Category: Agricultural | **Type: Tax Credit** X **Other (specify)**____

Statutory Authority: 135.679 | **Applicable Taxes:** Income (143 RSMo Excluding 143.191 to 143.265 RSMo), Franchise (147 RSMo)

Program Description and Eligibility Requirements:
Provide Missouri cattle farmers with an economic incentive to background and or finish Missouri born and raised qualified beef cattle in this state.

Explanation of How Award is Computed: Entitlement X Discretionary _____
The tax credit amount shall be ten cents ($.10) per pound and shall be calculated as follows:
- The qualifying sale weight minus the baseline weight multiplied by $.10 per pound provided the sale weight is two hundred (200) pounds or greater than the baseline weight.
- MASBDA may waive no more than twenty-five (25%) of the required two hundred (200) pound gain. The waiver shall be based only on any disaster declaration by the U.S. Department of Agriculture.

Program Cap: Cumulative $_____ (remainder of cumulative cap) $_____ Annual $ 3,000,000 None _____

Explanation of cap: : The tax credits will be issued on an as-received basis until the fiscal year limit of $3,000,000 is reached. Any tax credits not issued in any fiscal year shall expire and shall not be issued in any subsequent years. Maximum fiscal year amount is set in 135.679.4 RSMo.

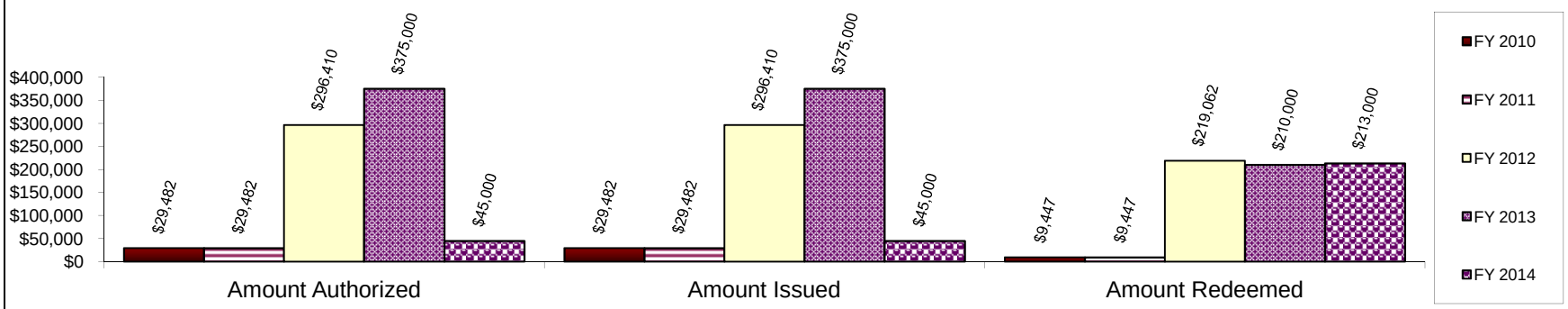
Explanation of Expiration of Authority: Not subject to Missouri Sunset Act per RSMo 135.679.8; however, per 135.679.3 For all taxable years beginning on or after January 1, 2009, but ending on or before December 31, 2016, a taxpayer shall be allowed a tax credit for the first qualifying sale and for a subsequent qualifying sale of all qualifying beef animals.

Specific Provisions: (if applicable)
Carry forward 5 years Carry Back 3 years Refundable no Sellable/Assignable yes Additional Federal Deductions Available no

Comments on Specific Provisions: The legislation states the qualified beef animals born on or after August 28, 2008 qualify. That means that those beef animals would be weaned in the spring of 2009 and then backgrounded until the required 200 lbs is met which would be sometime during the fall of 2009 (FY 2010).

	FY 2010 ACTUAL	FY 201 ACTUAL	FY 2012 ACTUAL	FY 2013(current year)	FY 2014 (budget year)
Certificates Issued (#)	5	11	11	10	10
Projects (#)	4	8	8	10	10
Amount Authorized	$43,028	$29,482	$296,410	$375,000	$45,000
Amount Issued	$43,028	$29,482	$296,410	$375,000	$45,000
Amount Redeemed	$0	$9,447	$219,062	$210,000	$213,000
EST. Amount Outstanding	N/A	N/A	$140,411	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	$0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

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BENEFIT: COST ANALYSIS (includes only state revenue impacts)

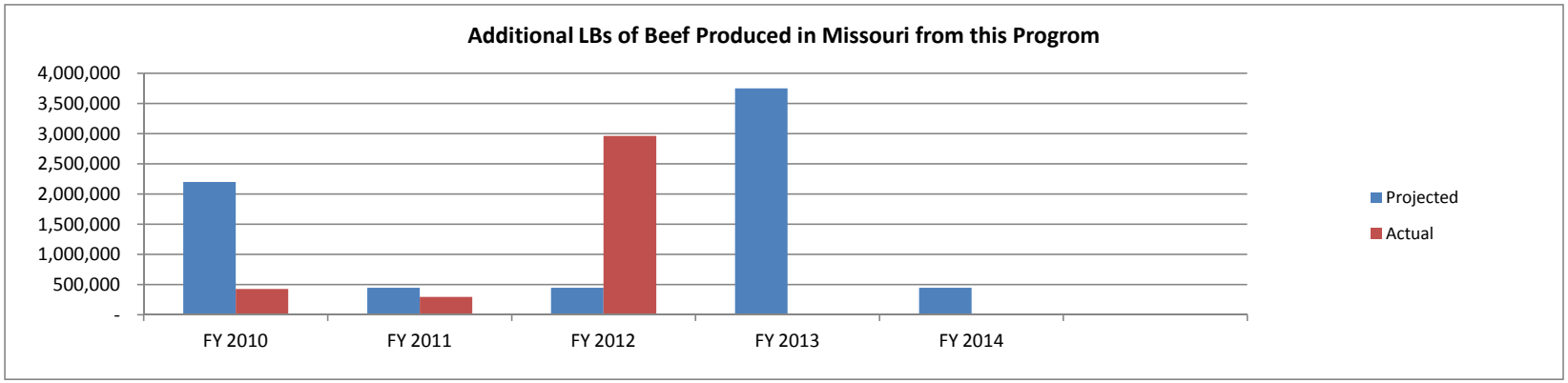
	FY 2012 ACTIVITY	Other Fiscal Period (10 - 12)
BENEFITS		
Direct Fiscal Benefits	$ 296,410	$ 374,664
Indirect Fiscal Benefits	$ 592,820	$ 749,328
Total	$ 889,230	$ 1,123,992
COSTS		
Direct Fiscal Costs	$ 219,062	$ 228,509
Indirect Fiscal Costs	$ -	$ -
Total	$ 219,062	$ 228,509
BENEFIT: COST	**4.06**	**4.92**

Derivation of Benefits: The University of Missouri research shows $.30 per pound of economic benefit for beef cattle retained in the state. The direct fiscal benefit is the $.10 per pound that was paid in tax credits to the farmer, the indirect fiscal benefit is the other $.20 per pound in economic activity generated form the additional retained beef cattle.

The first tax credits were issued in late FY10 after producers filed tax returns so they did not have the opportunity to redeem credits in FY10.

Other Benefits:

PERFORMANCE MEASURE(S)



Comments on Performance Measure: