

PROGRAM DESCRIPTION

Department of Natural Resources

Division of Energy

HB Section(s) 6.350

Program is found in the following core budget(s): Appropriated Tax Credits

1a. What strategic priority does this program address?

The Division of Energy helps Missouri citizens thrive by managing natural resources to promote a healthy environment and economy by:

- Promoting environmental responsibility and resource stewardship.
- Enhancing services, information, and communication to improve customer experience.
- Modernizing infrastructure, strengthening workforce, and supporting economic development.
- Improving internal processes to better serve our customers.
- Planning for current and future energy needs by engaging stakeholders in the ongoing State Energy Plan process.

1b. What does this program do?

- The purpose of this appropriation is to allow for redemptions of the Appropriated Tax Credits and to reimburse the Department of Revenue's (DOR) General Revenue Tax Refund Appropriation.
- The Division of Energy is responsible for processing applications and the DOR is responsible for processing and tracking redemptions.
- The Wood Energy Tax Credit allows individuals or businesses processing Missouri forestry industry residues into fuels a state income tax credit of \$5.00 per ton of processed material (e.g., wood pellets). To be considered an eligible fuel, forestry industry residues must have undergone some thermal, chemical or mechanical processing sufficient to alter residues into a fuel product. The tax credit expired June 30, 2020.

2a. Provide an activity measure(s) for the program.

Wood Energy	FY 2018		FY 2019		FY 2020		FY 2021	FY 2022	FY 2023
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
Applicants	9	7	9	9	9	8	8	0	0
Amount Issued	\$970,000	\$970,000	\$970,000	\$678,887	\$1,455,000	\$1,455,000	\$717,800	\$0	\$0
Amount Redeemed*	\$242,500	\$891,087	\$878,887	\$789,077	\$989,077	\$1,089,328	\$717,800	\$0	\$0

The tax credit sunset June 30, 2020, therefore, FY 2022 and FY 2023 projections are shown at zero. FY 2021 projections reflect applications received prior to the June 30, 2020 tax credit sunset.

* The majority of credits are carried forward to succeeding years for redemption; up to four years for Wood Energy.

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2b. Provide a measure(s) of the program's quality.

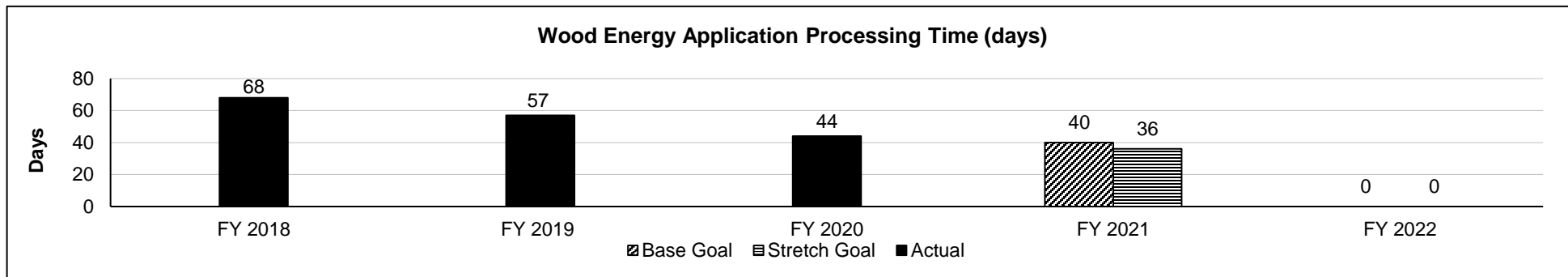
N/A. This program has a small number of applicants. Feedback has been gathered through an informal process as applications are received and processed as a means to better deliver the program.

2c. Provide a measure(s) of the program's impact.

Wood Energy	FY 2018		FY 2019		FY 2020		FY 2021	FY 2022	FY 2023
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
Residue Used (tons)	875,960	875,960	560,000	630,289	740,243	740,243	640,387	-	-

Residue Used is the number of tons of waste used by companies who have applied for the tax credit (based on amount issued) to produce and sell a qualifying product. FY 2021 projections reflect applications received prior to the June 30, 2020 tax credit sunset. No tons are projected for FY 2022 or FY 2023.

2d. Provide a measure(s) of the program's efficiency.



Processing time is average time to review and approve applications. It starts when the required documentation has been received to process the application and ends when the application has been approved to receive a tax credit.

Base goal is based on a 10 percent process improvement starting in FY 2020. Stretch goal is based on a 20 percent improvement starting in FY 2020. With the tax credit scheduled to sunset on June 30, 2020, FY 2021 projections reflect applications received prior to the June 30 deadline, and no projections are provided for FY 2022.

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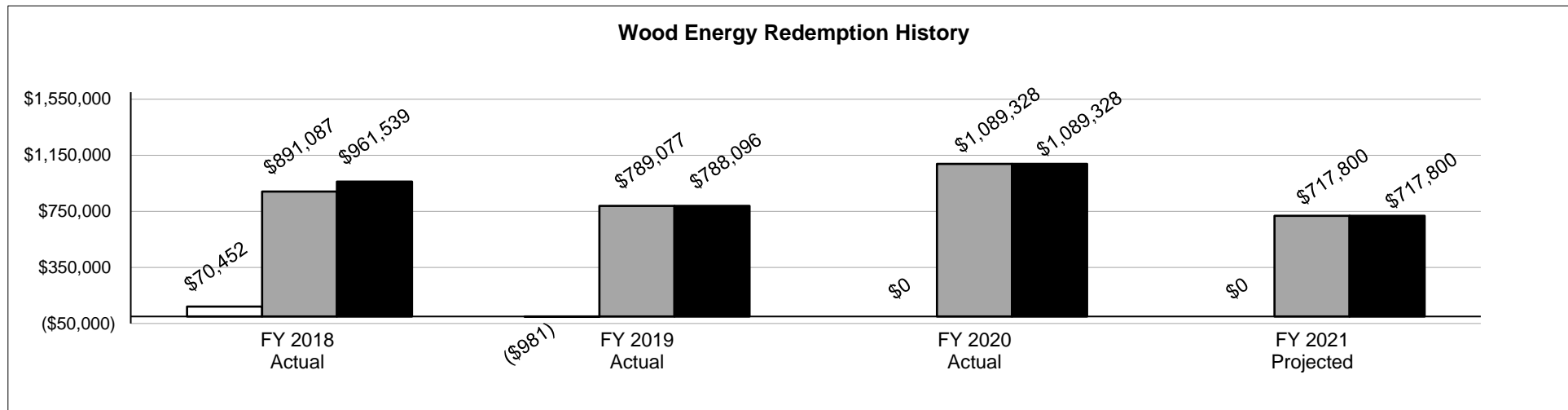
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



The Wood Energy Tax Credit was first appropriated in the FY 2016 budget. Amounts above reflect redemptions issued prior to and including those since the tax credit was appropriated.

4. What are the sources of the "Other " funds?

N/A

5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)

Section 135.305 RSMo Wood Energy Tax Credit

6. Are there federal matching requirements? If yes, please explain.

No

7. Is this a federally mandated program? If yes, please explain.

No