

## PROGRAM DESCRIPTION

<b>Department of Natural Resources</b>		<b>HB Section(s) <u>6.355</u></b>
<b>Division of Energy</b>		
<b>Program is found in the following core budget(s): Appropriated Tax Credits</b>		

**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 community 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.

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

<b>Wood Energy</b>	FY 2020		FY 2021		FY 2022		FY 2023	FY 2024	FY 2025
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
Applicants	9	8	8	8	0	0	0	0	0
Amount Issued	\$1,455,000	\$1,455,000	\$717,800	\$717,800	\$0	\$0	\$3,000,000	\$3,000,000	\$3,000,000
Amount Redeemed*	\$989,077	\$1,105,678	\$717,800	\$318,509	\$555,362	\$557,144	\$3,516,356	\$3,000,000	\$3,000,000

The tax credit sunset June 30, 2020. The passage of HB 3 (2022) during the First Extraordinary Session of the 101st General Assembly extended the sunset to June 30, 2028. Projections have been updated to reflect anticipated authorizations.

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

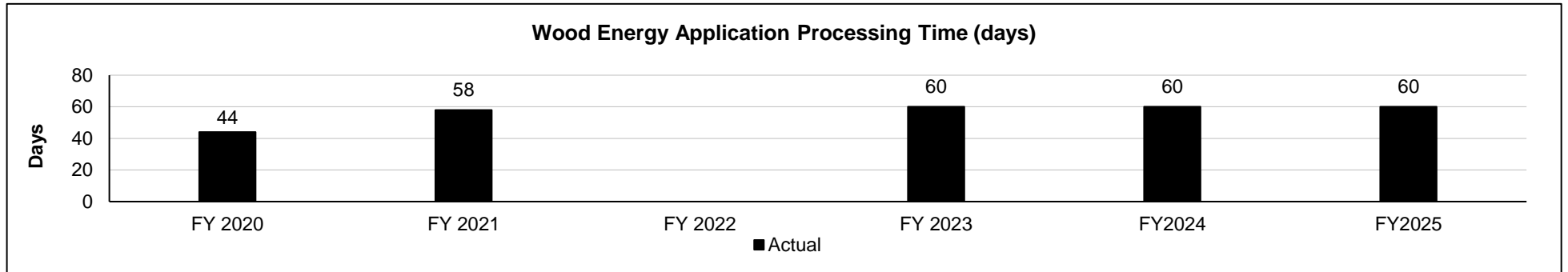
N/A. This program has a small number of applicants. Feedback has been gathered through an informal process as applications are received and processed as a means to better deliver the program.

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

<b>Wood Energy</b>	FY 2020		FY 2021		FY 2022		FY 2023	FY 2024	FY 2025
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
Residue Used (tons)	740,243	740,243	640,387	640,387	-	-	-	740,000	740,000

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. The passage of HB 3 (2022) during the First Extraordinary Session of the 101st General Assembly extended the sunset to June 30, 2028. Projections have been updated to reflect anticipated authorizations.

**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.

Projections have been updated to reflect anticipated authorizations.

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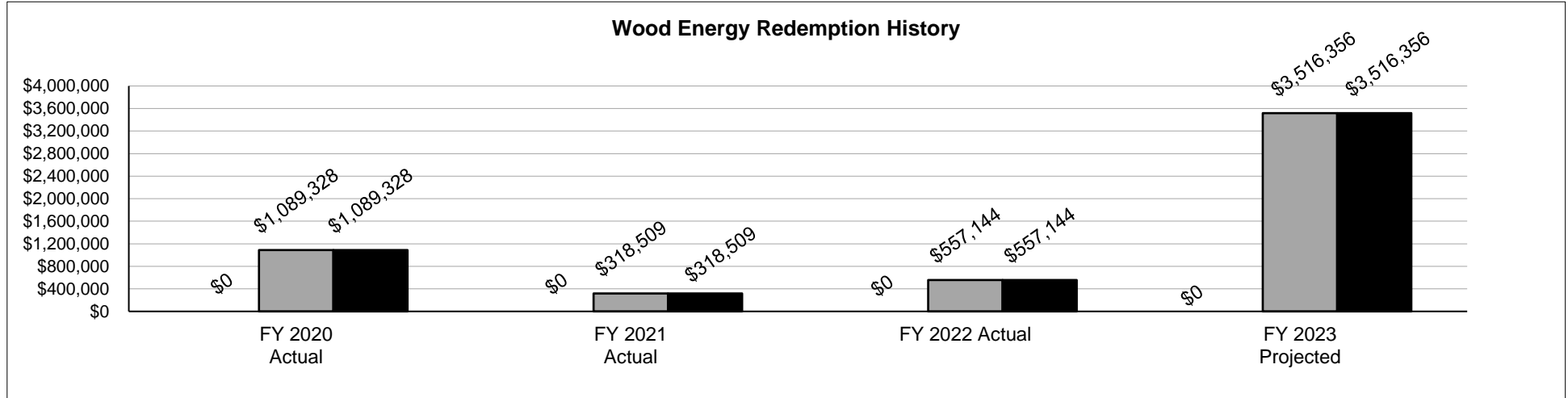
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



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. FY 2023 Planned is shown at full outstanding amount.

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