

Agricultural chemicals security tax credit created by the Heartland, Habitat, Harvest, and Horticulture Act of 2008

Dear Reader,

The recently enacted "Heartland, Habitat, Harvest, and Horticulture Act of 2008" (the 2008 Farm Act) contains a package of tax incentives to promote conservation investment in farm country. One fairly specialized new incentive addresses the need to safely secure agricultural chemicals. Agricultural chemicals and pesticides purchased for legitimate uses are increasingly vulnerable to theft because of the drug trade and national security threats. Some agricultural businesses may pay tens of thousands of dollars on new measures to secure their storage sites. In recognition of this, the 2008 Farm Act creates a new credit to help agricultural businesses afford the increasing expenses of protecting agricultural chemicals and pesticides.

The new law provides retailers of agricultural products and chemicals and manufacturers, formulators, or distributors of certain pesticides a business tax credit for 30% of costs for the protection of such chemicals or pesticides. Such protection costs include employee security training and background checks, installation of security equipment, and computer network safeguards. The credit has a \$2 million annual limit and a per facility limitation of \$100,000 (reduced by credits received for the five prior tax years). This credit is effective for expenses paid or incurred after May 22, 2008, and before Jan. 1, 2013.

I hope this information is helpful. If you would like more details about this or any other aspect of the new law, please do not hesitate to call.