

FIRST REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE SUBSTITUTE FOR

HOUSE BILL NO. 197

92ND GENERAL ASSEMBLY

Reported from the Committee on Economic Development, Tourism and Local Government, May 1, 2003, with recommendation that the Senate Committee Substitute do pass.

TERRY L. SPIELER, Secretary.

0775S.05C

AN ACT

To repeal sections 32.100, 32.105, 32.110, 32.115, 32.117, 32.120, 100.105, 100.710, 100.840, 100.850, 135.207, 135.208, 135.313, 135.460, 135.478, 135.481, 135.484, 135.487, 135.500, 135.503, 135.516, 135.520, 135.530, 135.545, 135.750, 163.036, 348.256, 348.261, 620.017, 620.1039, 620.1100, 620.1103, 620.1400, 620.1410, 620.1420, 620.1430, 620.1440, 620.1450, 620.1460, 620.1560, section 32.125 as enacted by house substitute for senate bill no. 374, eighty-eighth general assembly, first regular session, section 135.535 as enacted by conference committee substitute for senate substitute for senate committee substitute for house substitute for house committee substitute for house bill no. 701 of the ninetieth general assembly, first regular session, section 135.535 as enacted by conference committee substitute no. 2 for house substitute for house committee substitute for senate bill no. 20 of the ninetieth general assembly, first regular session and section 135.766 as repealed by conference committee substitute for house substitute for house committee substitute for senate committee substitute for senate bill no. 894, ninetieth general assembly, second regular session, RSMo, and to enact in lieu thereof forty-one new sections relating to economic development projects, with effective dates.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 32.100, 32.105, 32.110, 32.115, 32.117, 32.120, 100.105,
2 100.710, 100.840, 100.850, 135.207, 135.208, 135.313, 135.460, 135.478, 135.481, 135.484,
3 135.487, 135.500, 135.503, 135.516, 135.520, 135.530, 135.545, 135.750, 163.036, 348.256,
4 348.261, 620.017, 620.1039, 620.1100, 620.1103, 620.1400, 620.1410, 620.1420, 620.1430,
5 620.1440, 620.1450, 620.1460, 620.1560, section 32.125 as enacted by house substitute
6 for senate bill no. 374, eighty-eighth general assembly, first regular session, section

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

7 135.535 as enacted by conference committee substitute for senate substitute for senate
8 committee substitute for house substitute for house committee substitute for house bill
9 no. 701 of the ninetieth general assembly, first regular session, section 135.535 as
10 enacted by conference committee substitute no. 2 for house substitute for house
11 committee substitute for senate bill no. 20 of the ninetieth general assembly, first
12 regular session and section 135.766 as repealed by conference committee substitute for
13 house substitute for house committee substitute for senate committee substitute for
14 senate bill no. 894, ninetieth general assembly, second regular session, RSMo, are
15 repealed and forty-one new sections enacted in lieu thereof, to be known as sections
16 32.100, 32.105, 32.115, 100.105, 100.710, 100.840, 100.850, 135.155, 135.207, 135.208,
17 135.211, 135.212, 135.313, 135.478, 135.481, 135.484, 135.487, 135.500, 135.503, 135.516,
18 135.520, 135.530, 135.800, 135.805, 135.810, 135.815, 135.818, 135.820, 135.827, 135.875,
19 135.880, 135.885, 135.890, 135.895, 163.036, 348.254, 348.256, 348.261, 620.017, 620.606,
20 and 620.1039, to read as follows:

32.100. Sections 32.100 to 32.125 shall be known and may be cited as the
2 "[Neighborhood] **Affordable Housing** Assistance Act".

32.105. As used in sections 32.100 to 32.125, the following terms mean:

- 2 (1) "Affordable housing assistance activities", money, real or personal property,
3 or professional services expended or devoted to the construction, or rehabilitation of
4 affordable housing units;
- 5 (2) "Affordable housing unit", a residential unit generally occupied by persons
6 and families with incomes at or below the levels described in this subdivision and
7 bearing a cost to the occupant no greater than thirty percent of the maximum eligible
8 household income for the affordable housing unit. In the case of owner-occupied units,
9 the cost to the occupant shall be considered the amount of the gross monthly mortgage
10 payment, including casualty insurance, mortgage insurance, and taxes. In the case of
11 rental units, the cost to the occupant shall be considered the amount of the gross
12 rent. The cost to the occupant shall include the cost of any utilities, other than
13 telephone. If any utilities are paid directly by the occupant, the maximum cost that may
14 be paid by the occupant is to be reduced by a utility allowance prescribed by the
15 commission. Persons or families are eligible occupants of affordable housing units if the
16 household combined, adjusted gross income as defined by the commission is equal to or
17 less than the following percentages of the median family income for the geographic area
18 in which the residential unit is located, or the median family income for the state of
19 Missouri, whichever is larger; ("geographic area" means the metropolitan area or county
20 designated as an area by the federal Department of Housing and Urban Development

21 under Section 8 of the United States Housing Act of 1937, as amended, for purposes of
 22 determining fair market rental rates):

23	Percent of State or	
24	Geographic Area Family	
25	Size of Household	Median Income
26	One Person	35%
27	Two Persons	40%
28	Three Persons	45%
29	Four Persons	50%
30	Five Persons	54%
31	Six Persons	58%
32	Seven Persons	62%
33	Eight Persons	66%

34 (3) "Business firm", person, firm, a partner in a firm, corporation or a
 35 shareholder in an S corporation doing business in the state of Missouri and subject to
 36 the state income tax imposed by the provisions of chapter 143, RSMo, or a corporation
 37 subject to the annual corporation franchise tax imposed by the provisions of chapter 147,
 38 RSMo, or an insurance company paying an annual tax on its gross premium receipts in
 39 this state, or other financial institution paying taxes to the state of Missouri or any
 40 political subdivision of this state pursuant to the provisions of chapter 148, RSMo, or an
 41 express company which pays an annual tax on its gross receipts in this state;

42 (4) "Commission", the Missouri housing development commission;

43 (5) "Community services", any type of counseling and advice, emergency
 44 assistance or medical care furnished to individuals or groups in the state of Missouri or
 45 transportation services at below-cost rates as provided in sections 208.250 to 208.275,
 46 RSMo;

47 (6) ["Crime prevention", any activity which aids in the reduction of crime in the
 48 state of Missouri;

49 (7) "Defense industry contractor", a person, corporation or other entity which will
 50 be or has been negatively impacted as a result of its status as a prime contractor of the
 51 Department of Defense or as a second or third tier contractor. A "second tier contractor"
 52 means a person, corporation or other entity which contracts to perform manufacturing,
 53 maintenance or repair services for a prime contractor of the Department of Defense, and
 54 a "third tier contractor" means a person, corporation or other entity which contracts with
 55 a person, corporation or other entity which contracts with a prime contractor of the
 56 Department of Defense;

57 (8)] "Doing business", among other methods of doing business in the state of
58 Missouri, a partner in a firm or a shareholder in an S corporation shall be deemed to be
59 doing business in the state of Missouri if such firm or S corporation, as the case may be,
60 is doing business in the state of Missouri;

61 [(9) "Economic development", the acquisition, renovation, improvement, or the
62 furnishing or equipping of existing buildings and real estate in distressed or blighted
63 areas of the state when such acquisition, renovation, improvement, or the furnishing or
64 equipping of the business development projects will result in the creation or retention
65 of jobs within the state; or, until June 30, 1996, a defense conversion pilot project located
66 in a standard metropolitan statistical area which contains a city with a population of at
67 least three hundred fifty thousand inhabitants, which will assist Missouri-based defense
68 industry contractors in their conversion from predominately defense-related contracting
69 to nondefense-oriented manufacturing. Only neighborhood organizations, as defined in
70 subdivision (15) of this section, may apply to conduct economic development
71 projects. Prior to the approval of an economic development project, the neighborhood
72 organization shall enter into a contractual agreement with the department of economic
73 development. Credits approved for economic development projects may not exceed four
74 million dollars from within any one fiscal year's allocation. Neighborhood assistance
75 program tax credits for economic development projects and affordable housing assistance
76 as defined in section 32.111, may be transferred, sold or assigned by a notarized
77 endorsement thereof naming the transferee;

78 (10) "Education", any type of scholastic instruction or scholarship assistance to
79 an individual who resides in the state of Missouri that enables the individual to prepare
80 himself or herself for better opportunities or community awareness activities rendered
81 by a statewide organization established for the purpose of archeological education and
82 preservation;

83 (11) "Eligible farmers' market", a group of farmers, each of whom farms
84 agricultural land located within this state which he or she rents or owns, and who have
85 formed a group for the purpose of allowing each member farmer to sell his or her
86 products derived from his or her farming activities to the public at a common structure
87 or building when at least fifty percent of the costs of such structure or building are paid
88 for by such group of farmers;

89 (12) "Eligible new generation cooperative", as defined in section 348.340, RSMo;

90 (13) "Homeless assistance pilot project", the program established pursuant to
91 section 32.117;

92 (14) "Job training", any type of instruction to an individual who resides in the

93 state of Missouri that enables the individual to acquire vocational skills so that the
94 individual can become employable or be able to seek a higher grade of employment;

95 (15)] (7) "Neighborhood organization", any organization performing community
96 services or economic development activities in the state of Missouri and:

97 (a) Holding a ruling from the Internal Revenue Service of the United States
98 Department of the Treasury that the organization is exempt from income taxation
99 pursuant to the provisions of the Internal Revenue Code; or

100 (b) Incorporated in the state of Missouri as a not-for-profit corporation pursuant
101 to the provisions of chapter 355, RSMo; or

102 (c) Designated as a community development corporation by the United States
103 government pursuant to the provisions of Title VII of the Economic Opportunity Act of
104 1964; or

105 (d) Contributing funds to help finance a building or structure or purchase
106 equipment located within this state and used to sell agricultural food products or to add
107 value to food products produced in this state by members of an eligible new generation
108 cooperative; or contributing funds to help finance a building or structure or purchase
109 equipment owned by a not-for-profit organization located within this state and used to
110 sell agricultural food products or to add value to food products produced by family farms
111 as defined in subdivision (4) of section 350.010, RSMo, or family farm corporations as
112 defined in subdivision (5) of section 350.010, RSMo;

113 [(16) "Physical revitalization", furnishing financial assistance, labor, material,
114 or technical advice to aid in the physical improvement or rehabilitation of any part or
115 all of a neighborhood area;

116 (17)] (8) "S corporation", a corporation described in Section 1361(a)(1) of the
117 United States Internal Revenue Code and not subject to the taxes imposed by section
118 143.071, RSMo, by reason of section 143.471, RSMo[;

119 (18) "Workfare renovation project", any project initiated pursuant to sections
120 215.340 to 215.355, RSMo].

32.115. 1. The [department of revenue] **commission** shall grant a tax credit,
2 to be applied in the following order until used, against:

3 (1) The annual tax on gross premium receipts of insurance companies in chapter
4 148, RSMo;

5 (2) The tax on banks determined pursuant to subdivision (2) of subsection 2 of
6 section 148.030, RSMo;

7 (3) The tax on banks determined in subdivision (1) of subsection 2 of section
8 148.030, RSMo;

9 (4) The tax on other financial institutions in chapter 148, RSMo;
10 (5) The corporation franchise tax in chapter 147, RSMo;
11 (6) The state income tax in chapter 143, RSMo; and
12 (7) The annual tax on gross receipts of express companies in chapter 153, RSMo.
13 2. [For proposals approved pursuant to section 32.110:
14 (1) The amount of the tax credit shall not exceed fifty percent of the total amount
15 contributed during the taxable year by the business firm or, in the case of a financial
16 institution, where applicable, during the relevant income period in programs approved
17 pursuant to section 32.110;
18 (2) Except as provided in subsection 2 or 5 of this section, a tax credit of up to
19 seventy percent may be allowed for contributions to programs where activities fall within
20 the scope of special program priorities as defined with the approval of the governor in
21 regulations promulgated by the director of the department of economic development;
22 (3) Except as provided in subsection 2 or 5 of this section, the tax credit allowed
23 for contributions to programs located in any community shall be equal to seventy percent
24 of the total amount contributed where such community is a city, town or village which
25 has fifteen thousand or less inhabitants as of the last decennial census and is located in
26 a county which is either located in:
27 (a) An area that is not part of a standard metropolitan statistical area;
28 (b) A standard metropolitan statistical area but such county has only one city,
29 town or village which has more than fifteen thousand inhabitants; or
30 (c) A standard metropolitan statistical area and a substantial number of persons
31 in such county derive their income from agriculture.
32 Such community may also be in an unincorporated area in such county as provided in
33 subdivision (1), (2) or (3) of this subsection. Except in no case shall the total economic
34 benefit of the combined federal and state tax savings to the taxpayer exceed the amount
35 contributed by the taxpayer during the tax year;
36 (4) Such tax credit allocation, equal to seventy percent of the total amount
37 contributed, shall not exceed four million dollars in fiscal year 1999 and six million
38 dollars in fiscal year 2000 and any subsequent fiscal year. When the maximum dollar
39 limit on the seventy percent tax credit allocation is committed, the tax credit allocation
40 for such programs shall then be equal to fifty percent credit of the total amount
41 contributed. Regulations establishing special program priorities are to be promulgated
42 during the first month of each fiscal year and at such times during the year as the public
43 interest dictates. Such credit shall not exceed two hundred and fifty thousand dollars
44 annually except as provided in subdivision (5) of this subsection. No tax credit shall be

45 approved for any bank, bank and trust company, insurance company, trust company,
46 national bank, savings association, or building and loan association for activities that
47 are a part of its normal course of business. Any tax credit not used in the period the
48 contribution was made may be carried over the next five succeeding calendar or fiscal
49 years until the full credit has been claimed. Except as otherwise provided for proposals
50 approved pursuant to section 32.111, 32.112 or 32.117, in no event shall the total amount
51 of all other tax credits allowed pursuant to sections 32.100 to 32.125 exceed thirty-two
52 million dollars in any one fiscal year, of which six million shall be credits allowed
53 pursuant to section 135.460, RSMo. If six million dollars in credits are not approved,
54 then the remaining credits may be used for programs approved pursuant to sections
55 32.100 to 32.125;

56 (5) The credit may exceed two hundred fifty thousand dollars annually and shall
57 not be limited if community services, crime prevention, education, job training, physical
58 revitalization or economic development, as defined by section 32.105, is rendered in an
59 area defined by federal or state law as an impoverished, economically distressed, or
60 blighted area or as a neighborhood experiencing problems endangering its existence as
61 a viable and stable neighborhood, or if the community services, crime prevention,
62 education, job training, physical revitalization or economic development is limited to
63 impoverished persons.

64 3.] For proposals approved pursuant to section 32.111:

65 (1) The amount of the tax credit shall not exceed fifty-five percent of the total
66 amount invested in affordable housing assistance activities or market rate housing in
67 distressed communities as defined in section 135.530, RSMo, by a business
68 firm. Whenever such investment is made in the form of an equity investment or a loan,
69 as opposed to a donation alone, tax credits may be claimed only where the loan or equity
70 investment is accompanied by a donation which is eligible for federal income tax
71 charitable deduction, and where the total value of the tax credits herein plus the value
72 of the federal income tax charitable deduction is less than or equal to the value of the
73 donation. Any tax credit not used in the period for which the credit was approved may
74 be carried over the next ten succeeding calendar or fiscal years until the full credit has
75 been allowed. If the affordable housing units or market rate housing units in distressed
76 communities for which a tax is claimed are within a larger structure, parts of which are
77 not the subject of a tax credit claim, then expenditures applicable to the entire structure
78 shall be reduced on a prorated basis in proportion to the ratio of the number of square
79 feet devoted to the affordable housing units or market rate housing units in distressed
80 communities, for purposes of determining the amount of the tax credit. The total amount

81 of tax credit granted for programs approved pursuant to section 32.111 [for the fiscal
82 year beginning July 1, 1991,] shall not exceed [two million dollars, to be increased by no
83 more than two million dollars each succeeding fiscal year, until the total tax credits that
84 may be approved reaches] ten million dollars in any fiscal year;

85 (2) For any year during the compliance period indicated in the land use
86 restriction agreement, the owner of the affordable housing rental units for which a credit
87 is being claimed shall certify to the commission that all tenants renting claimed units
88 are income eligible for affordable housing units and that the rentals for each claimed
89 unit are in compliance with the provisions of sections 32.100 to 32.125. The commission
90 is authorized, in its discretion, to audit the records and accounts of the owner to verify
91 such certification;

92 (3) In the case of owner-occupied affordable housing units, the qualifying owner
93 occupant shall, before the end of the first year in which credits are claimed, certify to the
94 commission that the occupant is income eligible during the preceding two years, and at
95 the time of the initial purchase contract, but not thereafter. The qualifying owner
96 occupant shall further certify to the commission, before the end of the first year in which
97 credits are claimed, that during the compliance period indicated in the land use
98 restriction agreement, the cost of the affordable housing unit to the occupant for the
99 claimed unit can reasonably be projected to be in compliance with the provisions of
100 sections 32.100 to 32.125. Any succeeding owner occupant acquiring the affordable
101 housing unit during the compliance period indicated in the land use restriction
102 agreement shall make the same certification;

103 (4) If at any time during the compliance period the commission determines a
104 project for which a proposal has been approved is not in compliance with the applicable
105 provisions of sections 32.100 to 32.125 or rules promulgated therefor, the commission
106 may within one hundred fifty days of notice to the owner either seek injunctive
107 enforcement action against the owner, or seek legal damages against the owner
108 representing the value of the tax credits, or foreclose on the lien in the land use
109 restriction agreement, selling the project at a public sale, and paying to the owner the
110 proceeds of the sale, less the costs of the sale and less the value of all tax credits allowed
111 herein. The commission shall remit to the director of revenue the portion of the legal
112 damages collected or the sale proceeds representing the value of the tax
113 credits. However, except in the event of intentional fraud by the taxpayer, the proposal's
114 certificate of eligibility for tax credits shall not be revoked.

115 [4.] 3. For proposals approved pursuant to section 32.112, the amount of the tax
116 credit shall not exceed fifty-five percent of the total amount contributed to a

117 neighborhood organization by business firms. Any tax credit not used in the period for
 118 which the credit was approved may be carried over the next ten succeeding calendar or
 119 fiscal years until the full credit has been allowed. The total amount of tax credit granted
 120 for programs approved pursuant to section 32.112 shall not exceed one million dollars
 121 for each fiscal year.

122 [5.] 4. The total amount of tax credits used for market rate housing in distressed
 123 communities pursuant to sections 32.100 to 32.125 shall not exceed thirty percent of the
 124 total amount of all tax credits authorized pursuant to sections 32.111 and 32.112.

125 **5. Certificates of tax credit authorized by sections 32.111 and 32.112**
 126 **may be transferred, sold, or assigned by filing a notarized endorsement**
 127 **thereof with the commission which names the transferee and the amount of**
 128 **tax credit transferred, as well as any other information reasonably requested**
 129 **by the commission.**

100.105. No later than January thirty-first of each year, the municipality shall
 2 file a report with the department of economic development on the previous year's
 3 revenue bond issuances and general obligation bond issuances, which report shall
 4 contain only the following information:

5 (1) The name, address, spokesperson, and telephone number of the issuing entity;

6 (2) The name, address, age, and type of business of the beneficiary firm;

7 (3) The amount, term, interest rate or rates, and date of issuance of the bonds
 8 issued;

9 (4) The name and address of the underwriter, if any, of such bonds;

10 (5) The name and address of the guarantor, if any;

11 (6) The size, by assets and previous year's sales, and the current number of
 12 employees, of the beneficiary firm;

13 (7) A copy of the preliminary official statement used when offering the bonds for
 14 sale;

15 (8) The estimated number of new jobs to be generated by the proposed project;

16 (9) A list of the use of bond proceeds, including whether the purpose of the
 17 project and the funds generated by the issuance of such bonds is to open a new business,
 18 build a branch plant, expand an existing facility, or acquire an existing business;

19 (10) **The amount of any state sales taxes that were not paid on the**
 20 **project due to the tax-exempt status of the purchaser or owner of goods**
 21 **purchased for the project that are otherwise subject to sales tax;**

22 (11) The estimated total cost of the project.

2 100.710. As used in sections 100.700 to 100.850, the following terms mean:

3 (1) "Assessment", an amount of up to five percent of the gross wages paid in one
4 year by an eligible industry to all eligible employees in new jobs, or up to ten percent if
5 the economic development project is located within a distressed community as defined
6 in section 135.530, RSMo;

7 (2) "Board", the Missouri development finance board as created by section
8 100.265;

9 (3) "Certificates", the revenue bonds or notes authorized to be issued by the board
10 pursuant to section 100.840;

11 (4) "Credit", the amount agreed to between the board and an eligible industry,
12 but not to exceed the assessment attributable to the eligible industry's project;

13 (5) "Department", the Missouri department of economic development;

14 (6) "Director", the director of the department of economic development;

15 (7) "Economic development project":

16 (a) The acquisition of any real property by the board, the eligible industry, or its
17 affiliate; or

18 (b) The fee ownership of real property by the eligible industry or its affiliate; and

19 (c) For both paragraphs (a) and (b) of subdivision (7) of this section, "economic
20 development project" shall also include the development of the real property including
21 construction, installation, or equipping of a project, including fixtures and equipment,
22 and facilities necessary or desirable for improvement of the real property, including
23 surveys; site tests and inspections; subsurface site work; excavation; removal of
24 structures, roadways, cemeteries and other surface obstructions; filling, grading and
25 provision of drainage, storm water retention, installation of utilities such as water,
26 sewer, sewage treatment, gas, electricity, communications and similar facilities; off-site
27 construction of utility extensions to the boundaries of the real property; and the
28 acquisition, installation, or equipping of facilities on the real property, for use and
29 occupancy by the eligible industry or its affiliates;

30 (8) "Eligible employee", a person employed on a full-time basis in a new job at the
31 economic development project averaging at least thirty-five hours per week who was not
32 employed by the eligible industry or a related taxpayer in this state at any time during
33 the twelve-month period immediately prior to being employed at the economic
34 development project;

35 (9) "Eligible industry", a business located within the state of Missouri which is
36 engaged in interstate or intrastate commerce for the purpose of manufacturing,
37 processing or assembling products, conducting research and development, or providing
38 services in interstate commerce, office industries, or agricultural processing, but

39 excluding retail[, health or professional] services. "Eligible industry" does not include
40 a business which closes or substantially reduces its operation at one location in the state
41 and relocates substantially the same operation to another location in the state. This
42 does not prohibit a business from expanding its operations at another location in the
43 state provided that existing operations of a similar nature located within the state are
44 not closed or substantially reduced. This also does not prohibit a business from moving
45 its operations from one location in the state to another location in the state for the
46 purpose of expanding such operation provided that the board determines that such
47 expansion cannot reasonably be accommodated within the municipality in which such
48 business is located, or in the case of a business located in an incorporated area of the
49 county, within the county in which such business is located, after conferring with the
50 chief elected official of such municipality or county and taking into consideration any
51 evidence offered by such municipality or county regarding the ability to accommodate
52 such expansion within such municipality or county. An eligible industry must:

53 (a) Invest a minimum of [~~fifteen~~] **seven** million dollars, or ten million dollars for
54 an office industry, in an economic development project; and

55 (b) Create a minimum of [~~one hundred~~] **fifty** new jobs for eligible employees at
56 the economic development project or a minimum of five hundred jobs if the economic
57 development project is an office industry or a minimum of two hundred new jobs if the
58 economic development project is an office industry located within a distressed community
59 as defined in section 135.530, RSMo;

60 (10) "New job", a job in a new or expanding eligible industry not including jobs
61 of recalled workers, replacement jobs or jobs that formerly existed in the eligible
62 industry in the state;

63 (11) "Office industry", a regional, national or international headquarters, a
64 telecommunications operation, a computer operation, an insurance company, or a credit
65 card billing and processing center;

66 (12) "Program costs", all necessary and incidental costs of providing program
67 services including payment of the principal of premium, if any, and interest on
68 certificates, including capitalized interest, issued to finance a project, and funding and
69 maintenance of a debt service reserve fund to secure such certificates. Program costs
70 shall include:

71 (a) Obligations incurred for labor and obligations incurred to contractors,
72 subcontractors, builders and materialmen in connection with the acquisition,
73 construction, installation or equipping of an economic development project;

74 (b) The cost of acquiring land or rights in land and any cost incidental thereto,

75 including recording fees;

76 (c) The cost of contract bonds and of insurance of all kinds that may be required
77 or necessary during the course of acquisition, construction, installation or equipping of
78 an economic development project which is not paid by the contractor or contractors or
79 otherwise provided for;

80 (d) All costs of architectural and engineering services, including test borings,
81 surveys, estimates, plans and specifications, preliminary investigations and supervision
82 of construction, as well as the costs for the performance of all the duties required by or
83 consequent upon the acquisition, construction, installation or equipping of an economic
84 development project;

85 (e) All costs which are required to be paid under the terms of any contract or
86 contracts for the acquisition, construction, installation or equipping of an economic
87 development project; and

88 (f) All other costs of a nature comparable to those described in this subdivision;

89 (13) "Program services", administrative expenses of the board, including
90 contracted professional services, and the cost of issuance of certificates.

100.840. 1. To provide funds for the present payment of the costs of economic
2 development projects, the board may borrow money and issue and sell certificates
3 payable from a sufficient portion of the future receipts of payments authorized by the
4 agreement. [The total amount of outstanding certificates sold by the board shall not
5 exceed seventy-five million dollars.] The receipts shall be pledged to the payment of
6 principal of and interest on the certificates. Certificates may be sold at public sale or
7 at private sale at par, premium, or discount of not less than ninety-five percent of the
8 par value thereof, at the discretion of the board, and may bear interest at such rate or
9 rates as the board shall determine, notwithstanding the provisions of section 108.170,
10 RSMo, to the contrary. Certificates may be issued with respect to a single project or
11 multiple projects and may contain terms or conditions as the board may provide by
12 resolution authorizing the issuance of the certificates.

13 2. Certificates issued to refund other certificates may be sold at public sale or at
14 private sale as provided in this section with the proceeds from the sale to be used for the
15 payment of the certificates being refunded. The refunding certificates may be exchanged
16 in payment and discharge of the certificates being refunded, in installments at different
17 times or an entire issue or series at one time. Refunding certificates may be sold or
18 exchanged at any time on, before, or after the maturity of the outstanding certificates
19 to be refunded. Certificates may be issued for the purpose of refunding a like, greater
20 or lesser principal amount of certificates and may bear a higher, lower or equivalent rate

21 of interest than the certificates being renewed or refunded.

22 3. The board shall determine if revenues provided in the agreement are sufficient
23 to secure the faithful performance of obligations in the agreement.

24 4. Certificates issued pursuant to this section shall not be deemed to be an
25 indebtedness of the state or the board or of any political subdivision of the state.

100.850. 1. The approved company shall remit to the board a job development
2 assessment fee, not to exceed five percent of the gross wages of each eligible employee
3 whose job was created as a result of the economic development project, or not to exceed
4 ten percent if the economic development project is located within a distressed
5 community as defined in section 135.530, RSMo, for the purpose of retiring bonds which
6 fund the economic development project.

7 2. Any approved company remitting an assessment as provided in subsection 1
8 of this section shall make its payroll books and records available to the board at such
9 reasonable times as the board shall request and shall file with the board documentation
10 respecting the assessment as the board may require.

11 3. Any assessment remitted pursuant to subsection 1 of this section shall cease
12 on the date the bonds are retired.

13 4. Any approved company which has paid an assessment for debt reduction shall
14 be allowed a tax credit equal to the amount of the assessment. The tax credit may be
15 claimed against taxes otherwise imposed by chapters 143 and 148, RSMo, except
16 withholding taxes imposed under the provisions of sections 143.191 to 143.265, RSMo,
17 which were incurred during the tax period in which the assessment was made.

18 5. **In no event shall the aggregate amount of tax credits authorized by**
19 **subsection 4 of this section exceed eleven million dollars annually.**

20 6. The director of revenue shall issue a refund to the approved company to the
21 extent that the amount of credits allowed in subsection 4 of this section exceed the
22 amount of the approved company's income tax.

135.155. Notwithstanding any provision of the law to the contrary, no
2 **revenue-producing enterprise shall receive the incentives set forth in sections**
3 **135.100 to 135.150 for facilities commencing operations on or after August 28,**
4 **2003.**

135.207. 1. (1) Any city with a population of at least three hundred fifty
2 thousand inhabitants which is located in more than one county and any city not within
3 a county, which includes an existing state designated enterprise zone within the
4 corporate limits of the city may each, upon approval of the local governing authority of
5 the city and the director of the department of economic development, designate up to

6 three satellite zones within its corporate limits. A prerequisite for the designation of a
7 satellite zone shall be the approval by the director of a plan submitted by the local
8 governing authority of the city describing how the satellite zone corresponds to the city's
9 overall enterprise zone strategy.

10 (2) Any Missouri community classified as a village whose borders lie adjacent to
11 a city with a population in excess of three hundred fifty thousand inhabitants as
12 described in subdivision (1) of this subsection, and which has within the corporate limits
13 of the village a factory, mining operation, office, mill, plant or warehouse which has at
14 least three thousand employees and has an investment in plant, machinery and
15 equipment of at least two hundred million dollars may, upon securing approval of the
16 director and the local governing authorities of the village and the adjacent city which
17 contains an existing state designated enterprise zone, designate one satellite zone to be
18 located within the corporate limits of the village, such zone to be in addition to the six
19 authorized in subdivision (1) of this subsection.

20 (3) Any geographical area partially contained within any city not within a county
21 and partially contained within any county of the first classification with a charter form
22 of government with a population of nine hundred thousand or more inhabitants, which
23 area is comprised of a total population of at least four thousand inhabitants but not more
24 than seventy- two thousand inhabitants, and which area consists of at least one fourth
25 class city, and has within its boundaries a military reserve facility and a utility pumping
26 station having a capacity of ten million cubic feet, may, upon securing approval of the
27 director and the appropriate local governing authorities as provided for in section
28 135.210, be designated as a satellite zone, such zone to be in addition to the six
29 authorized in subdivision (1) of this subsection.

30 **(4) In addition to all other satellite zones authorized in this section,**
31 **any home rule city with more than one hundred fifty-one thousand five**
32 **hundred but less than one hundred fifty-one thousand six hundred**
33 **inhabitants which includes an existing state designated enterprise zone**
34 **within the corporate limits of the city may, upon approval of the governing**
35 **authority of the city and the director of the department of economic**
36 **development, designate one satellite zone within its corporate limits. The**
37 **zone shall be on land owned by the city which contains a wastewater**
38 **treatment plant with a treatment capacity of five million six hundred**
39 **thousand cubic feet per day and an electric power plant having a capacity of**
40 **at least two hundred seventy-five megawatts. No satellite zone shall be**
41 **designated pursuant to this subsection until the governing authority of the**

42 **city submits a plan describing how the satellite zone corresponds to the city's**
43 **overall enterprise zone strategy and the director approves the plan.**

44 **(5) In addition to all other satellite zones authorized in this section,**
45 **any city of the fourth classification with more than three thousand eight**
46 **hundred but less than four thousand inhabitants and located in more than**
47 **one county and which city lies adjacent to any home rule city with more than**
48 **one hundred thirteen thousand two hundred but less than one hundred**
49 **thirteen thousand three hundred inhabitants and which contains an**
50 **enterprise zone may, upon approval of the director and the governing**
51 **authorities of the city of the fourth classification and the home rule city,**
52 **designate one satellite zone within its corporate limits. The satellite**
53 **enterprise zone authorized by this subsection shall be designated only if it**
54 **meets the criteria established by subdivisions (1) to (4) of subsection 2 of this**
55 **section. Retail businesses, as identified by the 1997 North American Industry**
56 **Classification System (NAICS) sector number 44-45, located within the**
57 **satellite enterprise zone shall be eligible for all benefits provided pursuant**
58 **to the provisions of sections 135.200 to 135.258.**

59 **(6) In addition to all other satellite zones authorized in this section,**
60 **any home rule city with more than seventy-three thousand but less than**
61 **seventy-five thousand inhabitants which includes an existing state designated**
62 **enterprise zone within the corporate limits of the city may, upon approval of**
63 **the governing authority of the city and the director of the department of**
64 **economic development, designate one satellite zone within its corporate**
65 **limits. No satellite zone shall be designated pursuant to this subsection until**
66 **the governing authority of the city submits a plan describing how the satellite**
67 **zone corresponds to the city's overall enterprise zone strategy and the**
68 **director approves the plan.**

69 **2. For satellite zones designated pursuant to the provisions of subdivisions (1)**
70 **and (3) of subsection 1 of this section, the satellite zones, in conjunction with the existing**
71 **state-designated enterprise zone shall meet the following criteria:**

72 **(1) The area is one of pervasive poverty, unemployment, and general distress, or**
73 **one in which a large number of jobs have been lost, a large number of employers have**
74 **closed, or in which a large percentage of available production capacity is idle. For the**
75 **purpose of this subdivision, "large number of jobs" means one percent or more of the**
76 **area's population according to the most recent decennial census, and "large number of**
77 **employers" means over five;**

78 **(2) At least fifty percent of the residents living in the area have incomes below**

79 eighty percent of the median income of all residents within the state of Missouri
80 according to the last decennial census or other appropriate source as approved by the
81 director;

82 (3) The resident population of the existing state designated enterprise zone and
83 its satellite zones must be at least four thousand but not more than seventy-two
84 thousand at the time of designation;

85 (4) The level of unemployment of persons, according to the most recent data
86 available from the division of employment security or from the United States Bureau of
87 Census and approved by the director, within the area exceeds one and one-half times the
88 average rate of unemployment for the state of Missouri over the previous twelve months,
89 or the percentage of area residents employed on a full-time basis is less than sixty
90 percent of the statewide percentage of residents employed on a full-time basis.

91 3. A qualified business located within a satellite zone shall be subject to the same
92 eligibility criteria and can be eligible to receive the same benefits as a qualified facility
93 in sections 135.200 to 135.255.

135.208. 1. In addition to the number of enterprise zones authorized under the
2 provisions of sections 135.206 and 135.210, the department of economic development
3 shall designate one such zone in any county of the third class which is south of the
4 Missouri River and which adjoins one county of the second class and also the state of
5 Oklahoma. Such designation shall only be made if the area of the county which is to be
6 included in the enterprise zone meets all the requirements of section 135.205.

7 2. In addition to the number of enterprise zones authorized under the provisions
8 of sections 135.206 and 135.210, the department of economic development shall designate
9 one such zone in any county of the third class which borders the Missouri River and
10 which adjoins a county of the second class with a population of at least one hundred
11 thousand inhabitants and which contains a branch of the state university. Such
12 designation shall only be made if the area of the county which is to be included in the
13 enterprise zone meets all the requirements of section 135.205.

14 3. In addition to the number of enterprise zones authorized under the provisions
15 of sections 135.206, 135.210 and 135.256, the department of economic development shall
16 designate one such zone in every county of the third class without a township form of
17 government with a population of more than seven thousand eight hundred but less than
18 ten thousand inhabitants located south of the Missouri River, which adjoins one third
19 class county with a township form of government, and which adjoins no first or second
20 class county. Such enterprise zone designation shall only be made if the area in the
21 county which is to be included in the enterprise zone meets all the requirements of

22 section 135.205.

23 4. In addition to the number of enterprise zones authorized pursuant to the
24 provisions of sections 135.206, 135.210 and 135.256, the department of economic
25 development shall designate one such zone in a city of the third class with a population
26 of more than eight thousand but less than ten thousand located in a county of the third
27 classification with a township form of government with a population of more than twenty
28 thousand but less than twenty-two thousand. Such enterprise zone designation shall
29 only be made if the area in the city which is to be included in the enterprise zone meets
30 all the requirements of section 135.205.

31 5. In addition to the number of enterprise zones authorized pursuant to the
32 provisions of sections 135.206, 135.210 and 135.256, the department of economic
33 development shall designate one such zone for any city with a home rule form of
34 government and a population of at least one hundred ten thousand inhabitants but not
35 more than one hundred thirty thousand inhabitants. Such enterprise zone designation
36 shall only be made if the area in the city which is to be included in the enterprise zone
37 meets all the requirements of section 135.205.

38 6. In addition to the number of enterprise zones authorized pursuant to the
39 provisions of sections 135.206, 135.210 and 135.256, the department of economic
40 development shall designate one such zone for any county of the first classification
41 without a charter form of government with a population of less than thirty thousand
42 inhabitants. Such enterprise zone designation shall only be made if the area in the city
43 which is to be included in the enterprise zone meets all the requirements of section
44 135.205.

45 7. In addition to the number of enterprise zones authorized pursuant to the
46 provisions of sections 135.206, 135.210, 135.256 and 135.257, the department of economic
47 development shall designate one such zone in a city of the fourth classification with a
48 population of at least three thousand but less than four thousand inhabitants located in
49 a county of the second classification with a population of at least twenty thousand but
50 not more than twenty-five thousand inhabitants. Such enterprise zone designation shall
51 only be made if such area which is to be included in the enterprise zone meets all the
52 requirements of section 135.205.

53 8. In addition to the number of enterprise zones authorized pursuant to the
54 provisions of sections 135.206, 135.210, 135.256 and 135.257, the department of economic
55 development shall designate one such zone for any area that includes property in two
56 adjoining counties where one county is a county of the third classification without a
57 township form of government with a population of less than sixteen thousand three

58 hundred and more than sixteen thousand inhabitants and the other county is a county
59 of the first classification having a population of at least one hundred seventy-one
60 thousand but less than one hundred seventy-two thousand inhabitants. Such enterprise
61 zone designation shall only be made if such area which is to be included in the enterprise
62 zone meets all the requirements of section 135.205.

63 9. In addition to the number of enterprise zones authorized pursuant to the
64 provisions of sections 135.206, 135.210 and 135.256, the department of economic
65 development shall designate one such zone in a city of the fourth class with a population
66 of more than four thousand located in a county of the third classification with a township
67 form of government and with a population of less than thirteen thousand. Such
68 enterprise zone designation shall only be made if the area in the city which is to be
69 included in the enterprise zone meets all the requirements of section 135.205.

70 10. In addition to the number of enterprise zones authorized pursuant to the
71 provisions of sections 135.206, 135.210 and 135.256, the department of economic
72 development shall designate one such zone in a city of the fourth class with a population
73 of more than two thousand nine hundred located in a county of the third classification
74 without a township form of government with a population of less than twelve thousand
75 and more than eleven thousand seven hundred inhabitants. Such enterprise zone
76 designation shall only be made if the area in the city which is to be included in the
77 enterprise zone meets all the requirements of section 135.205.

78 11. In addition to the number of enterprise zones authorized pursuant to the
79 provisions of sections 135.206, 135.210 and 135.256, the department of economic
80 development shall designate one such zone in a county of the third classification without
81 a township form of government with a population of less than twenty-four thousand five
82 hundred and more than twenty-four thousand inhabitants. Such enterprise zone
83 designation shall only be made if the area in the county which is to be included in the
84 enterprise zone meets all the requirements of section 135.205.

85 **12. In addition to the number of enterprise zones authorized in this**
86 **chapter, the department of economic development shall designate one such**
87 **zone for any city of the fourth classification with more than one thousand**
88 **three hundred but less than one thousand four hundred inhabitants and**
89 **located in any county of the third classification without a township form of**
90 **government and with more than twenty-two thousand eight hundred but less**
91 **than twenty-two thousand nine hundred inhabitants. Such enterprise zone**
92 **designation shall only be made if the area in the city which is to be included**
93 **in the enterprise zone meets all the requirements of section 135.205.**

94 **13. In addition to the number of enterprise zones authorized in this**
95 **chapter, the department of economic development shall designate one such**
96 **zone for any city of the fourth classification with more than thirty thousand**
97 **three hundred but less than thirty thousand four hundred inhabitants and**
98 **located in any county of the first class with a charter form of government and**
99 **with more than six hundred thousand but less than seven hundred thousand**
100 **inhabitants. Such enterprise zone designation shall only be made if the area**
101 **in the city which is to be included in the enterprise zone meets all the**
102 **requirements of section 135.205.**

135.211. In addition to any other enterprise zones authorized in this
2 **chapter, the department of economic development shall designate one**
3 **enterprise zone which shall have boundaries that are the same as any county**
4 **of the third classification without a township form of government and with**
5 **more than forty-one thousand one hundred but less than forty-one thousand**
6 **two hundred inhabitants and the portion of any city of the fourth**
7 **classification with more than one thousand eight hundred but less than one**
8 **thousand nine hundred and located in more than one county that is not**
9 **located in any county of the third classification without a township form of**
10 **government and with more than forty-one thousand one hundred but less than**
11 **forty-one thousand two hundred inhabitants. Such enterprise zone**
12 **designation shall only be made if the area which is to be included in the**
13 **enterprise zone meets all the requirements of section 135.205.**

135.212. In addition to any other enterprise zones authorized in this
2 **chapter, the department of economic development shall designate one**
3 **enterprise zone which shall have boundaries that are the same as any home**
4 **rule city with more than eighty-four thousand five hundred but less than**
5 **eighty-four thousand six hundred inhabitants located in any county of the**
6 **first classification with more than one hundred thirty-five thousand four**
7 **hundred but less than one hundred thirty-five thousand five hundred**
8 **inhabitants. Such enterprise zone designation shall only be made if the area**
9 **which is to be included in the enterprise zone meets all the requirements of**
10 **section 135.205.**

 135.313. 1. Any person, firm or corporation who engages in the business of
2 producing charcoal or charcoal products in the state of Missouri shall be eligible for a tax
3 credit on income taxes otherwise due pursuant to chapter 143, RSMo, except sections
4 143.191 to 143.261, RSMo, as an incentive to implement safe and efficient environmental
5 controls. The tax credit shall be equal to fifty percent of the purchase price of the best

6 available control technology equipment connected with the production of charcoal in the
7 state of Missouri or, if the taxpayer manufactures such equipment, fifty percent of the
8 manufacturing cost of the equipment, to and including the year the equipment is put into
9 service. The credit may be claimed for a period of eight years beginning with the 1998
10 calendar year and is to be a tax credit against the tax otherwise due.

11 2. Any amount of credit which exceeds the tax due shall not be refunded but may
12 be carried over to any subsequent taxable year, not to exceed seven years.

13 3. The charcoal producer may elect to assign to a third party the approved tax
14 credit. Certification of assignment and other appropriate forms must be filed with the
15 Missouri department of revenue and the department of [economic development] **natural**
16 **resources**.

17 4. When applying for a tax credit, the charcoal producer specified in subsection
18 1 of this section shall make application for the credit to the division of environmental
19 quality of the department of natural resources. The application shall identify the
20 specific best available control technology equipment and the purchase price, or
21 manufacturing cost of such equipment. The director of the department of natural
22 resources is authorized to require permits to construct prior to the installation of best
23 available control technology equipment and other information which he or she deems
24 appropriate.

25 5. The director of the department of natural resources [in conjunction with the
26 department of economic development] shall certify to the department of revenue that the
27 best available control technology equipment meets the requirements to obtain a tax
28 credit as specified in this section.

2 135.478. As used in sections 135.481 to 135.487, the following terms mean:

3 (1) "Department", the department of economic development;

4 (2) "Director", the director of the department of economic development;

5 (3) "Distressed community", as defined in section 135.530;

6 (4) "Eligible costs for a new residence", expenses incurred for property
7 acquisition, development, site preparation [other than demolition], surveys, architectural
8 and engineering services and construction and all other necessary and incidental
9 expenses incurred for constructing a new market rate residence, which is or will be
10 owner-occupied, which is not replacing a national register listed or local historic
11 structure; except that, costs paid for by the taxpayer with grants or forgivable loans,
12 other than tax credits, provided pursuant to state or federal governmental programs are
13 ineligible;

14 (5) "Eligible costs for rehabilitation", expenses incurred for the renovation or

15 rehabilitation of an existing residence **or structure** including site preparation, surveys,
16 architectural and engineering services, construction, modification, expansion, remodeling,
17 structural alteration, replacements and alterations; except that, costs paid for by the
18 taxpayer with grants or forgivable loans other than tax credits provided pursuant to
19 state or federal governmental programs are ineligible;

20 (6) "Eligible residence", a single-family residence **or a condominium or**
21 **residence within a multiple residential structure or a structure containing**
22 **multiple single-family residences** forty years of age or older, located in this state
23 and not within a distressed community as defined by section 135.530, which is occupied
24 or intended to be or occupied long-term by the owner or offered for sale at market rate
25 for owner-occupancy and which is either located within a United States census block
26 group which, if in a metropolitan statistical area, has a median household income of less
27 than ninety percent, but greater than or equal to seventy percent of the median
28 household income for the metropolitan statistical area in which the census block group
29 is located, or which, if located within a United States census block group in a
30 [nonmetropolitan] **county that is not located in a metropolitan statistical** area,
31 has a median household income of less than ninety percent, but greater than or equal
32 to seventy percent of the median household income for [the nonmetropolitan areas in the
33 state] **all counties not located within a metropolitan statistical area;**

34 (7) "Flood plain", any land or area susceptible to being inundated by water from
35 any source or located in a one hundred-year flood plain area determined by Federal
36 Emergency Management Agency mapping as subject to flooding;

37 (8) "New residence", a residence constructed on land which if located within a
38 distressed community has either been vacant for at least two years or is or was occupied
39 by a structure which has been condemned by the local entity in which the structure is
40 located or which, if located outside of a distressed community but within a census block
41 group as described in subdivision (6) or (10) of this section, either replaces a residence
42 forty years of age or older demolished for purposes of constructing a replacement
43 residence, or which is constructed on vacant property which has been classified for not
44 less than forty continuous years as residential or utility, commercial, railroad or other
45 real property pursuant to article X, section 4(b) of the Missouri Constitution, as defined
46 in section 137.016, RSMo; except that, no new residence shall be constructed in a flood
47 plain or on property used for agricultural purposes **except as otherwise provided**
48 **herein.** [In a distressed community,] The term "new residence" shall include
49 condominiums, owner-occupied units or other units intended to be owner-occupied in
50 multiple unit structures **or as separate adjacent single-family units;**

51 (9) "Project", new construction, rehabilitation or substantial rehabilitation of a
52 residence **or residences, whether comprised of one structure containing**
53 **multiple single-family residences or multiple individual structures** that
54 [qualifies] **qualify** for a tax credit pursuant to sections 135.475 to 135.487;

55 (10) "Qualifying residence", a single-family residence, forty years of age or older,
56 located in this state which is occupied or intended to be occupied long-term by the owner
57 or offered for sale at market rate for owner-occupancy and which is **either** located
58 **within a United States census block group which, if** in a metropolitan statistical
59 area [or nonmetropolitan statistical area within a United States census block group
60 which has a median household income of less than seventy percent of the median
61 household income for the metropolitan statistical area or nonmetropolitan area,
62 respectively], has a median household income of less than seventy percent of the median
63 household income for the metropolitan statistical area in which the census block group
64 is located, or which, if located within a United States census block group that is located
65 in a county that is not located in a metropolitan statistical area, has a median household
66 income of less than seventy percent of the median household income for all counties not
67 located within a metropolitan statistical area or which is located within a distressed
68 community. A qualifying residence shall include a condominium or residence within a
69 multiple residential structure or a structure containing multiple single-family residences
70 which is located within a distressed community;

71 (11) "Substantial rehabilitation", rehabilitation the costs of which exceed fifty
72 percent of either the purchase price or the cost basis of the structure immediately prior
73 to rehabilitation; provided that, the structure is at least fifty years old notwithstanding
74 any provision of sections 135.475 to 135.487 to the contrary;

75 (12) "Tax liability", the tax due pursuant to chapter 143, 147 or 148, RSMo, other
76 than taxes withheld pursuant to sections 143.191 to 143.265, RSMo;

77 (13) "Taxpayer", any person, partnership, corporation, trust or limited liability
78 company.

135.481. 1. (1) Any taxpayer who incurs eligible costs for a new residence
2 located in a distressed community or within a census block group as described in
3 subdivision **(6) or** (10) of section 135.478, or for a multiple unit condominium described
4 in subdivision (2) of this subsection, shall receive a tax credit equal to fifteen percent of
5 such costs against his or her tax liability. The tax credit shall not exceed forty thousand
6 dollars per new residence in any ten-year period.

7 (2) For the purposes of this section, a "multiple unit condominium" is one that
8 is intended to be owner occupied, which is constructed on property subject to an

9 industrial development contract as defined in section 100.310, RSMo, [and] **or** which lies
10 within an area with a city zoning classification of urban redevelopment district, **or for**
11 **condominium use**, established after January 1, 2000, and before December 31, [2001]
12 **2003**, and which is constructed in connection with the qualified rehabilitation of a
13 structure more than ninety years old eligible for the historic structures rehabilitation tax
14 credit described in sections 253.545 to 253.559, RSMo, [and] **which** is under way by
15 January 1, [2000] **2002**, and completed by January 1, [2002] **2003**.

16 2. [Any taxpayer who incurs eligible costs for a new residence located within a
17 census block as described in subdivision (6) of section 135.478 shall receive a tax credit
18 equal to fifteen percent of such costs against his or her tax liability. The tax credit shall
19 not exceed twenty-five thousand dollars per new residence in any ten-year period.

20 3.] Any taxpayer who is not performing substantial rehabilitation and who incurs
21 eligible costs for rehabilitation of an eligible residence or a qualifying residence shall
22 receive a tax credit equal to twenty-five percent of such costs against his or her tax
23 liability. The minimum eligible costs for rehabilitation of an eligible residence shall be
24 ten thousand dollars. The minimum eligible costs for rehabilitation of a qualifying
25 residence shall be five thousand dollars. The tax credit shall not exceed twenty-five
26 thousand dollars in any ten-year period.

27 [4.] 3. Any taxpayer who incurs eligible costs for substantial rehabilitation of
28 a qualifying residence shall receive a tax credit equal to thirty-five percent of such costs
29 against his or her tax liability. The minimum eligible costs for substantial rehabilitation
30 of a qualifying residence shall be ten thousand dollars. The tax credit shall not exceed
31 seventy thousand dollars in any ten-year period.

32 [5.] 4. A taxpayer shall be eligible to receive tax credits for new construction or
33 rehabilitation pursuant to only one subsection of this section.

34 [6.] 5. No tax credit shall be issued pursuant to this section for any structure
35 which is in violation of any municipal or county property, maintenance or zoning code.

36 [7.] 6. No tax credit shall be issued pursuant to sections 135.475 to 135.487 for
37 the construction or rehabilitation of rental property.

135.484. 1. Beginning January 1, 2000, tax credits shall be allowed pursuant to
2 section 135.481 in an amount not to exceed sixteen million dollars per year. Of this total
3 amount of tax credits in any given year, eight million dollars shall be set aside for
4 projects in areas described in subdivision (6) of section 135.478 and eight million dollars
5 for projects in areas described in subdivision (10) of section 135.478. The maximum tax
6 credit for a project consisting of multiple-unit qualifying residences in a distressed
7 community **and commenced before August 28, 2003**, shall not exceed three million

8 dollars, and the maximum tax credit for a project commenced on or after
9 August 28, 2003, shall not exceed one million five hundred thousand dollars. If,
10 by October first of any calendar year, the director has issued all eight million
11 dollars of tax credits allowed for projects in areas described in subdivision
12 (6) of section 135.478, but not for projects in areas described in subdivision
13 (10) of section 135.478, or vice versa, the director shall reallocate seventy
14 percent of any credits not allocated to finally approved applications for
15 issuance to taxpayers which:

16 (1) Are engaged in projects in the area in which tax credits totaling
17 eight million dollars have already been issued for the same year; and

18 (2) Have already applied for, but have not yet been issued, tax credits
19 pursuant to section 135.487 for the same year.

20 Reallocated credits shall be issued pursuant to section 135.487; except that,
21 the maximum reallocated tax credit for any project shall not exceed five
22 hundred thousand dollars.

23 2. Any amount of credit which exceeds the tax liability of a taxpayer for the tax
24 year in which the credit is first claimed may be carried back to any of the taxpayer's
25 three prior tax years and carried forward to any of the taxpayer's five subsequent tax
26 years. A certificate of tax credit issued to a taxpayer by the department may be
27 assigned, transferred, sold or otherwise conveyed. Whenever a certificate of tax credit
28 is assigned, transferred, sold or otherwise conveyed, a notarized endorsement shall be
29 filed with the department specifying the name and address of the new owner of the tax
30 credit and the value of the credit.

31 3. The tax credits allowed pursuant to sections 135.475 to 135.487 may not be
32 claimed in addition to any other state tax credits, with the exception of the historic
33 structures rehabilitation tax credit authorized pursuant to sections 253.545 to 253.559,
34 RSMo, which insofar as sections 135.475 to 135.487 are concerned may be claimed only
35 in conjunction with the tax credit allowed pursuant to subsection [4] 3 of section
36 135.481. In order for a taxpayer eligible for the historic structures rehabilitation tax
37 credit to claim the tax credit allowed pursuant to subsection [4] 3 of section 135.481, the
38 taxpayer must comply with the requirements of sections 253.545 to 253.559, RSMo, and
39 in such cases, the amount of the tax credit pursuant to subsection [4] 3 of section
40 135.481 shall be limited to the lesser of twenty percent of the taxpayer's eligible costs
41 or forty thousand dollars.

135.487. 1. To obtain any credit allowed pursuant to sections 135.475 to 135.487,
2 a taxpayer shall submit to the department, for preliminary approval, an application for

3 tax credit. The director shall, upon final approval of an application and presentation of
4 acceptable proof of substantial completion of construction, issue the taxpayer a certificate
5 of tax credit. **In the case of projects involving the new construction,**
6 **rehabilitation or substantial rehabilitation of more than one residence, one**
7 **application for tax credit may be submitted to the department for preliminary**
8 **approval for the entire project, and the director shall issue the taxpayer a**
9 **certificate of tax credit upon final approval of an application and**
10 **presentation of acceptable proof of substantial completion of construction for**
11 **each individual residence rather than delaying issuance of a tax credit**
12 **pursuant to sections 135.475 to 135.487 until substantial completion of the**
13 **entire project.** The director shall issue all credits allowed pursuant to sections 135.475
14 to 135.487 in the order the applications are received. In the case of a taxpayer other
15 than an owner-occupant, the director shall not delay the issuance of a tax credit
16 pursuant to sections 135.475 to 135.487 until the sale of a residence at market rate for
17 owner-occupancy. A taxpayer, taxpayer other than an owner-occupant who receives a
18 certificate of tax credit pursuant to sections 135.475 to 135.487 shall, within thirty days
19 of the date of the sale of a residence, furnish to the director satisfactory proof that such
20 residence was sold at market rate for owner-occupancy. If the director reasonably
21 determines that a residence was not in good faith intended for long-term owner
22 occupancy, the director make revoke any tax credits issued and seek recovery of any tax
23 credits issued pursuant to section 620.017, RSMo.

24 2. The department may cooperate with a municipality or a county in which a
25 project is located to help identify the location of the project, the type and eligibility of
26 the project, the estimated cost of the project and the completion date of the project.

27 3. The department may promulgate such rules or regulations or issue
28 administrative guidelines as are necessary to administer the provisions of sections
29 135.475 to 135.487. No rule or portion of a rule promulgated pursuant to the authority
30 of this section shall become effective unless it has been promulgated pursuant to the
31 provisions of chapter 536, RSMo.

32 4. The department shall conduct annually a comprehensive program evaluation
33 illustrating where the tax credits allowed pursuant to sections 135.475 to 135.487 are
34 being utilized, explaining the economic impact of such program and making
35 recommendations on appropriate program modifications to ensure the program's success.

135.500. 1. Sections 135.500 to 135.529 shall be known and may be cited as the
2 "Missouri Certified Capital Company Law".

3 2. As used in sections 135.500 to 135.529, the following terms mean:

- 4 (1) "Affiliate of a certified company":
- 5 (a) Any person, directly or indirectly owning, controlling or holding power to vote
- 6 ten percent or more of the outstanding voting securities or other ownership interests of
- 7 the Missouri certified capital company;
- 8 (b) Any person ten percent or more of whose outstanding voting securities or
- 9 other ownership interest are directly or indirectly owned, controlled or held with power
- 10 to vote by the Missouri certified capital company;
- 11 (c) Any person directly or indirectly controlling, controlled by, or under common
- 12 control with the Missouri certified capital company;
- 13 (d) A partnership in which the Missouri certified capital company is a general
- 14 partner;
- 15 (e) Any person who is an officer, director or agent of the Missouri certified capital
- 16 company or an immediate family member of such officer, director or agent;
- 17 (2) "Applicable percentage", one hundred percent;
- 18 (3) "Capital in a qualified Missouri business", any debt, equity or hybrid security,
- 19 of any nature and description whatsoever, including a debt instrument or security which
- 20 has the characteristics of debt but which provides for conversion into equity or equity
- 21 participation instruments such as options or warrants which are acquired by a Missouri
- 22 certified capital company **or a qualified investing entity** as a result of a transfer of
- 23 cash to a business[. Capital in a qualified Missouri business shall not include secured
- 24 debt instruments];
- 25 (4) "Certified capital", an investment of cash by an investor in a Missouri
- 26 certified capital company;
- 27 (5) "Certified capital company", any partnership, corporation, trust or limited
- 28 liability company, whether organized on a profit or not-for-profit basis, that is located,
- 29 headquartered and registered to conduct business in Missouri that has as its primary
- 30 business activity, the investment of cash in qualified Missouri businesses, and which is
- 31 certified by the department as meeting the criteria of sections 135.500 to 135.529;
- 32 (6) "Department", the Missouri department of economic development;
- 33 (7) "Director", the director of the department of economic development or a person
- 34 acting under the supervision of the director;
- 35 (8) "Investor", any insurance company that contributes cash;
- 36 (9) "Liquidating distribution", payments to investors or to the certified capital
- 37 company from earnings;
- 38 (10) "Person", any natural person or entity, including a corporation, general or
- 39 limited partnership, trust or limited liability company;

40 (11) "Qualified distribution", any distribution or payment to equity holders of a
41 certified capital company in connection with the following:

42 (a) Reasonable costs and expenses of forming, syndicating, managing and
43 operating the certified capital company;

44 (b) Management fees for managing and operating the certified capital company;
45 and

46 (c) Any increase in federal or state taxes, penalties and interest, including those
47 related to state and federal income taxes, of equity owners of a certified capital company
48 which related to the ownership, management or operation of a certified capital company;

49 **(12) "Qualified investing entity", any partnership, corporation, trust, or**
50 **limited liability company, whether organized on a for profit or not-for-profit**
51 **basis, that:**

52 **(a) Is registered to do business in this state;**

53 **(b) Is a wholly owned subsidiary of a certified capital company or**
54 **otherwise affiliated with and under common control with a certified capital**
55 **company; and**

56 **(c) Has been designated as a qualified investing entity by such certified**
57 **capital company.**

58 **Such designation shall be effective upon delivery by the certified capital**
59 **company of written notice of the designation to the department. A qualified**
60 **investing entity may raise debt or equity capital for investment, but such**
61 **capital shall not be considered certified capital. Any qualified investment**
62 **made by a qualified investing entity after the effective date of this act shall**
63 **be deemed to have been made by a certified capital company that designated**
64 **the qualified investing entity as such; provided that no qualified investment**
65 **may be deemed to have been made by more than one certified capital**
66 **company.**

67 [(12)] **(13)** "Qualified investment", the investment of cash by a Missouri certified
68 capital company **or a qualified investing entity** in such a manner as to acquire
69 capital in a qualified Missouri business;

70 [(13)] **(14)** "Qualified Missouri business", an independently owned and operated
71 business, which is headquartered and located in Missouri and which is in need of
72 venture capital and cannot obtain conventional financing. Such business shall have no
73 more than two hundred employees, eighty percent of which are employed in
74 Missouri. Such business shall be involved in commerce for the purpose of
75 manufacturing, processing or assembling products, conducting research and development,

76 or providing services in interstate commerce, but excluding retail, real estate, real estate
77 development, insurance and professional services provided by accountants, lawyers or
78 physicians. [If such business has been in existence for three years or less, its gross sales
79 during its most recent complete fiscal years shall not have exceeded four million dollars.
80 such business has been in existence for longer than three years, its gross sales during
81 its most recent complete fiscal year shall not have exceeded three million dollars.] **At**
82 **the time a certified capital company or qualified investing entity makes an**
83 **initial investment in a business, such business shall be a small business**
84 **concern that meets the requirements of the United States Small Business**
85 **Administration's qualification size standards for its venture capital program,**
86 **as defined in Section 13 CFR 121.301 (c).** Any business which is classified as a
87 qualified Missouri business at the time of the first investment in such business by a
88 Missouri certified capital company **or qualified investing entity** shall, for a period
89 of seven years from the date of such first investment, remain classified as a qualified
90 Missouri business and may receive follow-on investments from any Missouri certified
91 capital company **or qualified investing entity** and such follow-on investments shall
92 be qualified investments even though such business may not meet the other
93 qualifications of this subsection at the time of such follow-on investments;

94 [(14)] (15) "State premium tax liability", any liability incurred by an insurance
95 company pursuant to the provisions of section 148.320, 148.340, 148.370 or 148.376,
96 RSMo, and any other related provisions, which may impose a tax upon the premium
97 income of insurance companies after January 1, 1997.

135.503. 1. Any investor that makes an investment of certified capital shall, in
2 the year of investment, earn a vested credit against state premium tax liability equal to
3 the applicable percentage of the investor's investment of certified capital. An investor
4 shall be entitled to take up to ten percent of the vested credit in any taxable year of the
5 investor. Any time after three years after August 28, 1996, the director, with the
6 approval of the commissioner of administration, may reduce the applicable percentage
7 on a prospective basis. Any such reduction in the applicable percentage by the director
8 shall not have any effect on credits against state premium tax liability which have been
9 claimed or will be claimed by any investor with respect to credits which have been
10 earned and vested pursuant to an investment of certified capital prior to the effective
11 date of any such change.

12 2. An insurance company claiming a state premium tax credit earned through an
13 investment in a certified capital company shall not be required to pay any additional
14 retaliatory tax levied pursuant to section 375.916, RSMo, as a result of claiming such

15 credit.

16 3. The credit against state premium tax liability which is described in subsection
17 1 of this section may not exceed the state premium tax liability of the investor for any
18 taxable year. All such credits against state premium tax liability may be carried forward
19 indefinitely until the credits are utilized. The maximum amount of certified capital in
20 one or more certified capital companies for which earned and vested tax credits will be
21 allowed in any year to any one investor or its affiliates shall be limited to ten million
22 dollars.

23 4. Except as provided in subsection 5 of this section, the aggregate amount of
24 certified capital for which earned and vested credits against state premium tax liability
25 are allowed for all persons pursuant to sections 135.500 to 135.529 shall not exceed the
26 following amounts: for calendar year 1996, \$0.00; for calendar year 1997, an amount
27 which would entitle all Missouri certified capital company investors to take aggregate
28 credits of five million dollars; and for any year thereafter, an additional amount to be
29 determined by the director but not to exceed aggregate credits of ten million dollars for
30 any year with the approval of the commissioner of administration and reported to the
31 general assembly as provided in subsection 2 of section 33.282, RSMo, provided that the
32 amount so determined shall not impair the ability of an investor with earned and vested
33 credits which have been allowed in previous years to take them, pursuant to subsection
34 1 of this section. During any calendar year in which the limitation described in this
35 subsection will limit the amount of certified capital for which earned and vested credits
36 against state premium tax liability are allowed, certified capital for which credits are
37 allowed will be allocated in order of priority based upon the date of filing of information
38 described in subdivision (1) of subsection 5 of section 135.516. Certified capital limited
39 in any calendar year by the application of the provisions of this subsection shall be
40 allowed and allocated in the immediately succeeding calendar year in the order of
41 priority set forth in this subsection. The department shall make separate allocations of
42 certified capital for which credits are allowed under the limitations described in this
43 subsection and under the limitations described in subsection 5 of this section.

44 5. In addition to the maximum amount pursuant to subsection 4 of this section,
45 the aggregate amount of certified capital for which earned and vested credits against
46 state premium tax liability are allowed for persons pursuant to sections 135.500 to
47 135.529 shall be the following: for calendar year 1999 and for any year thereafter, an
48 amount to be determined by the director which would entitle all Missouri certified
49 capital company investors to take aggregate credits not to exceed four million dollars for
50 any year with the approval of the commissioner of administration and reported to the

51 general assembly as provided in subsection 2 of section 33.282, RSMo, provided that the
52 amount so determined shall not impair the ability of an investor with earned and vested
53 credits which have been allowed in previous years or pursuant to the provisions of
54 subsection 4 of this section to take them, pursuant to subsection 1 of this section. For
55 purposes of any requirement regarding the schedule of qualified investments for certified
56 capital for which earned and vested credits against state premium tax liability are
57 allowed pursuant to this subsection only, the definition of a "qualified Missouri business"
58 as set forth in subdivision [(13)] (14) of subsection 2 of section 135.500 means a Missouri
59 business that is located in a distressed community as defined in section 135.530, and
60 meets all of the requirements of subdivision [(13)] (14) of subsection 2 of section
61 135.500[, except that its gross sales during its most recent complete fiscal year shall not
62 have exceeded five million dollars]. During any calendar year in which the limitation
63 described in this subsection limits the amount of additional certified capital for which
64 earned and vested credits against state premium tax liability are allowed, additional
65 certified capital for which credits are allowed shall be allocated in order of priority based
66 upon the date of filing of information described in subdivision (1) of subsection 5 of
67 section 135.516 with respect to such additional certified capital. The department shall
68 make separate allocations of certified capital for which credits are allowed under the
69 limitations described in this subsection and under the limitations described in subsection
70 4 of this section. No limitation applicable to any certified capital company with respect
71 to certified capital for which credits are allowed pursuant to subsection 4 of this section
72 shall limit the amount of certified capital for which credits are allowed pursuant to this
73 subsection. No limitation applicable to any certified capital company with respect to
74 certified capital for which credits are allowed pursuant to this subsection shall limit the
75 amount of certified capital for which credits are allowed pursuant to subsection 4 of this
76 section.

77 6. The department shall advise any Missouri certified capital company, in
78 writing, within fifteen days after receiving the filing described in subdivision (1) of
79 subsection 5 of section 135.516 whether the limitations of subsection 3 of this section
80 then in effect will be applicable with respect to the investments and credits described in
81 such filing with the department.

135.516. 1. To continue to be certified, a Missouri certified capital company shall
2 make qualified investments according to the following schedule:

3 (1) Within two years after the date on which a Missouri certified capital company
4 is designated as a Missouri certified capital company at least twenty-five percent of its
5 certified capital shall be, or have been, placed in qualified investments;

6 (2) Within three years after the date on which a Missouri certified capital
7 company is designated as a Missouri certified capital company at least forty percent of
8 its certified capital shall be, or have been, placed in qualified investments;

9 (3) Within four years after the date on which a Missouri certified capital company
10 is designated as a Missouri certified capital company, at least fifty percent of its total
11 certified capital shall be, or have been, placed in qualified investments. A Missouri
12 certified capital company may not make an investment in an affiliate of the certified
13 capital company. For the purposes of this subsection, if a legal entity is not an affiliate
14 before a certified capital company initially invests in the entity, it will not be an affiliate
15 if a certified capital company provides additional investment in such entity subsequent
16 to its initial investment;

17 (4) A certified capital company, at least fifteen working days prior to making
18 what it determines to be an initial qualified investment in a specific qualified Missouri
19 business, shall certify to the department that the company in which it **or a qualified**
20 **investing entity** proposes to invest meets the definition of a qualified Missouri
21 business pursuant to subdivision (14) of subsection 2 of section 135.500. The certified
22 capital company shall state the amount of capital it **or a qualified investing entity**
23 intends to invest and the name of the business in which it **or a qualified investing**
24 **entity** intends to invest. The certified capital company shall also provide to the
25 department an explanation of its determination that the business meets the definition
26 of a qualified Missouri business. If the department determines that the business does
27 not meet the definition of a qualified Missouri business, it shall, within the
28 fifteen-working-day period prior to the making of the proposed investment, notify the
29 certified capital company of its determination and an explanation thereof. If the
30 department fails to notify the certified capital company with respect to the proposed
31 investment within the fifteen-working-day period prior to the making of the proposed
32 investment, the company in which the certified capital company **or a qualified**
33 **investing entity** proposes to invest shall be deemed to be a qualified Missouri business.
34 a certified capital company fails to notify the department prior to making an initial
35 investment in a business, the department may subsequently determine that the business
36 in which the certified capital company **or a qualified investing entity** invested was
37 not a qualified Missouri business even though the business, at the time of the
38 investment, met the requirements of subdivision [(14)] **(15)** of subsection 2 of section
39 135.500;

40 (5) All certified capital which is not required to be placed in qualified
41 investments or which has been placed in qualified investments and can be received by

42 the company, may be held or invested in such manner as the Missouri certified capital
43 company, in its discretion, deems appropriate. The proceeds of all certified capital which
44 is received by a certified capital company after it was originally placed in qualified
45 investments may be placed again in qualified investments and shall count toward any
46 requirement in sections 135.500 to 135.529 with respect to placing certified capital in
47 qualified investments.

48 2. A certified capital company may make qualified distributions at any time. In
49 order to make distributions, other than qualified distributions, a certified capital
50 company must have [placed] **made cumulative qualified investments, including**
51 **those made through a qualified investing entity, in** an amount cumulatively equal
52 to **at least** one hundred percent of its certified capital [in qualified investments].
53 Cumulative distributions to equity holders, other than qualified distributions, in excess
54 of the certified capital company's original certified capital and any additional capital
55 contributions to the certified capital company shall be subject to audit by a nationally
56 recognized certified public accounting firm acceptable to the department, at the expense
57 of the certified capital company. The audit shall determine whether aggregate
58 cumulative distributions to all investors and equity holders, other than qualified
59 distributions, when combined with all tax credits utilized by investors pursuant to
60 sections 135.500 to 135.529, have resulted in an annual internal rate of return of fifteen
61 percent computed on the sum of total original certified capital of the certified capital
62 company and any additional capital contributions to the certified capital
63 company. Twenty-five percent of distributions made, other than qualified distributions,
64 in excess of the amount required to produce a fifteen percent annual internal rate of
65 return, as determined by the audit, shall be payable by the certified capital company to
66 the Missouri development finance board. Distributions or payments to debt holders of
67 a certified capital company, however, may be made without restriction with respect to
68 debt owed to them by a certified capital company. A debt holder that is also an investor
69 or equity holder of a certified capital company may receive distributions or payments
70 with respect to such debt without restriction.

71 3. No qualified investment, **including qualified investments made by a**
72 **qualified investing entity that are deemed to have been made by a certified**
73 **capital company**, may be made at a cost to a Missouri certified capital company
74 greater than fifteen percent of the total certified capital under management of the
75 Missouri certified capital company at the time of investment.

76 4. Documents and other materials submitted by Missouri certified capital
77 companies or by businesses for purposes of the continuance of certification may be

78 deemed "closed records" pursuant to the provisions of section 620.014, RSMo.

79 5. Each Missouri certified capital company shall report the following to the
80 department:

81 (1) As soon as practicable after the receipt of certified capital, the name of each
82 investor from which the certified capital was received, the amount of each investor's
83 investment of certified capital and tax credits computed without regard to any
84 limitations under subsection 3 of section 135.503, and the date on which the certified
85 capital was received;

86 (2) On a quarterly basis, the amount of the Missouri certified capital company's
87 certified capital at the end of the quarter, whether or not the Missouri certified capital
88 company has invested, **together with any investments made by a qualified**
89 **investing entity that are deemed to have been made by the certified capital**
90 **company**, more than fifteen percent of the total certified capital under management in
91 any one company, and all qualified investments that the Missouri certified capital
92 company has made **or has been deemed to have been made through a qualified**
93 **investing entity**;

94 (3) Each Missouri certified capital company shall provide annual audited
95 financial statements to the department which include an opinion of an independent
96 certified public accountant to the department within ninety days of the close of the fiscal
97 year. **At the same time, the certified capital company shall also provide**
98 **audited financial statements for any qualified investing entity that has made**
99 **qualified investments on its behalf, unless the financial results of such**
100 **qualified investing entity are included in the consolidated financial**
101 **statements of the certified capital company.** The audit shall address the methods
102 of operation and conduct of the business of the Missouri certified capital company to
103 determine if the Missouri certified capital company is complying with the statutes and
104 program rules and that the funds received by the Missouri certified capital company
105 have been invested as required within the time limits provided by sections 135.500 to
106 135.529.

135.520. 1. The division of finance of the department of economic development
2 shall conduct an annual review of each Missouri certified capital company **and any**
3 **qualified investing entities designated by it** to determine if the Missouri certified
4 capital company is abiding by the requirements of certifications, to advise the Missouri
5 certified capital company as to the certification status of its qualified investments and
6 to ensure that no investment has been made in violation of sections 135.500 to
7 135.529. The cost of the annual review shall be paid by each Missouri certified capital

8 company according to a reasonable fee schedule adopted by the department. The division
9 of finance shall report its findings to the department as soon as practicable following
10 completion of the audit.

11 2. Any material violation of sections 135.500 to 135.529 shall be grounds for
12 decertification under this section. If the department determines that a company is not
13 in compliance with any requirements for continuing in certification, it shall, by written
14 notice, inform the officers of the company and the board of directors, managers, trustees
15 or general partners that they may be decertified in one hundred twenty days from the
16 date of mailing of the notice, unless they correct the deficiencies and are again in
17 compliance with the requirements for certification.

18 3. At the end of the one hundred twenty-day grace period, if the Missouri
19 certified capital company is still not in compliance, the department may send a notice
20 of decertification to the company and to the directors of the department of revenue and
21 department of insurance. Decertification of a Missouri certified capital company prior
22 to the certified capital company meeting all requirements of subdivisions (1) to (3) of
23 subsection 1 of section 135.516 shall cause the recapture of all premium tax credits
24 previously claimed by an investor and the forfeiture of all future credits to be claimed
25 by an investor with respect to its investment in the certified capital
26 company. Decertification of a Missouri certified capital company after it has met all
27 requirements of subdivisions (1) to (3) of subsection 1 of section 135.516 shall cause the
28 forfeiture of premium tax credits for the taxable year of the investor in which the
29 decertification arose and for future taxable years with no recapture of tax credits
30 obtained by an investor with respect to the investor's tax years which ended before the
31 decertification occurred. Once a certified capital company has [invested] **made**
32 **cumulative qualified investments, including those made through a qualified**
33 **investing entity and deemed to have been made by the certified capital**
34 **company, in an amount equal to at least** one hundred percent of its certified capital
35 [in qualified Missouri businesses], all future premium tax credits to be claimed by
36 investors with respect to said certified capital company pursuant to sections 135.500 to
37 135.529 shall be nonforfeitable. Once a certified capital company has [invested] **made**
38 **cumulative qualified investments, including those made through a qualified**
39 **investing entity and deemed to have been made by the certified capital**
40 **company, in an amount equal to at least** one hundred percent of its certified capital
41 [in qualified Missouri businesses] and has met all other requirements under sections
42 135.500 to 135.529, it shall no longer be subject to regulation by the department except
43 with respect to the payment of distributions to the Missouri development finance board.

135.530. For the purposes of sections 100.010, 100.710 and 100.850, RSMo,
2 sections 135.110, 135.200, 135.258, 135.313, 135.403, 135.405, 135.503, 135.530 and
3 135.545, section 215.030, RSMo, sections 348.300 and 348.302, RSMo, and sections
4 620.1400 to 620.1460, RSMo, "distressed community" means either a Missouri
5 municipality within a metropolitan statistical area which has a median household
6 income of under seventy percent of the median household income for the metropolitan
7 statistical area, according to the last decennial census, or a United States census block
8 group or contiguous group of block groups within a metropolitan statistical area which
9 has a population of at least [two thousand] five hundred, and each block group having
10 a median household income of under [seventy] **seventy-five** percent of the median
11 household income for the metropolitan area in Missouri, according to the last decennial
12 census. In addition the definition shall include municipalities not in a metropolitan
13 statistical area, with a median household income of under seventy percent of the median
14 household income for the nonmetropolitan areas in Missouri according to the last
15 decennial census or a census block group or contiguous group of block groups which has
16 a population of at least [two thousand] five hundred each block group having a median
17 household income of under [seventy] **seventy-five** percent of the median household
18 income for the nonmetropolitan areas of Missouri, according to the last decennial census.
19 **metropolitan statistical areas, the definition shall include areas that are**
20 **designated as either a federal empowerment zone; or a federal enhanced**
21 **enterprise community; or a state enterprise zone that was originally**
22 **designated before January 1, 1986, but will not include expansions of such**
23 **state enterprise zones done after March 16, 1988.**

135.800. 1. Sections 135.800 to 135.820 shall be known and may be cited
2 **as the "Sustainable Neighborhoods and Communities Tax Credit Act".**

3 **2. As used in sections 135.800 to 135.820, the following terms mean:**

4 **(1) "Approved project", a project approved by the director to**
5 **participate in the program established by sections 135.800 to 135.820;**

6 **(2) "Blighted area", that portion of a city within which the legislative**
7 **authority of such city determines that by reason of age, obsolescence,**
8 **inadequate or outmoded design, or physical deterioration have become**
9 **economic and social liabilities, and that such conditions are conducive to ill**
10 **health, transmission of disease, crime, or inability to pay reasonable taxes;**

11 **(3) "Business", a private for-profit entity doing business in the state of**
12 **Missouri;**

13 **(4) "Capital campaign project", the raising of funds for the acquisition,**

14 **construction, rehabilitation, or permanent improvement to real property to**
15 **be used by a community-based organization for the provision of direct**
16 **services or youth services;**

17 **(5) "Community bank" shall have the same meaning as prescribed in**
18 **subdivision (2) of section 135.400;**

19 **(6) "Community-based organization":**

20 **(a) A private organization that is representative of a community, or a**
21 **significant segment of a community, that:**

22 **a. Holds a ruling from the Internal Revenue Service of the United**
23 **States Department of the Treasury that the organization is exempt from**
24 **income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code;**
25 **or**

26 **b. Is incorporated in the state of Missouri as a not-for-profit**
27 **corporation pursuant to chapter 355, RSMo; or**

28 **(b) A community development corporation designated as such by the**
29 **United States government pursuant to Title VII of the Economic Opportunity**
30 **Act of 1964;**

31 **(7) "Community development financial institution" shall have the same**
32 **meaning as prescribed in Section 103 of the Riegle Community Development**
33 **and Regulatory Improvement Act of 1994, 12 U.S.C.A. Section 4702;**

34 **(8) "Community services", services designed to minimize the effects of**
35 **poverty, furnished primarily to impoverished people in the state of Missouri;**

36 **(9) "Contribution", a donation of cash, property, or services, except that**
37 **donations of property or services may be limited and shall be valued as**
38 **provided by the department;**

39 **(10) "Department", the department of economic development;**

40 **(11) "Direct services", community services, workforce training services,**
41 **and workforce support services;**

42 **(12) "Director", the director of the department of economic development**
43 **or a person acting under the supervision of the director;**

44 **(13) "Impoverished people", people in Missouri approved as such by the**
45 **department. Such approval shall be made on the basis of generally**
46 **recognized low-income criteria used by federal and state agencies;**

47 **(14) "Person", any natural person or entity, including a corporation,**
48 **general or limited partnership, trust, or limited liability company;**

49 **(15) "Program", the sustainable neighborhoods and communities tax**
50 **credit program created by sections 135.800 to 135.820;**

51 **(16) "Revitalization project", the furnishing of financial assistance,**
52 **labor, material, or technical advice to aid in the physical improvement or**
53 **rehabilitation of all or any part of a central business district that is a blighted**
54 **area pursuant to an organized redevelopment effort;**

55 **(17) "Small business revolving loan project", a revolving loan program**
56 **operated by a community-based organization, a community bank, or a**
57 **community development financial institution;**

58 **(18) "Taxpayer", a person subject to the state income tax imposed by**
59 **chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to**
60 **143.265, RSMo, subject to the annual corporation franchise tax imposed by**
61 **chapter 147, RSMo, or an insurance company paying an annual tax on its**
62 **gross premium receipts in this state, or other financial institution paying**
63 **taxes to the state of Missouri or any political subdivision of this state**
64 **pursuant to chapter 148, RSMo;**

65 **(19) "Workforce support services", services such as transportation**
66 **assistance, child care assistance, and permanent housing assistance that help**
67 **support an individual's ability to prepare for and become employable,**
68 **maintain employment, or be able to seek a higher grade of employment;**

69 **(20) "Workforce training services", any type of instruction to an**
70 **individual who resides in the state of Missouri that enables the individual to**
71 **acquire skills so that the individual can become employable or be able to seek**
72 **a higher grade of employment;**

73 **(21) "Youth employment project", employment, internship, or**
74 **apprenticeship programs in business or trades for persons no more than**
75 **twenty-one years of age;**

76 **(22) "Youth services project", development, establishment,**
77 **implementation, operation, and expansion of the following activities and**
78 **programs:**

79 **(a) Programs to encourage school dropouts to reenter and complete**
80 **high school or to complete a graduate equivalency degree program;**

81 **(b) New or existing youth clubs or associations;**

82 **(c) Mentor and role model programs;**

83 **(d) Drug and alcohol abuse prevention training programs for youth;**

84 **(e) Youth violence prevention;**

85 **(f) Youth activity centers;**

86 **(g) Youth outreach and counseling programs.**

135.805. 1. Categories of projects that are eligible to participate in the

2 program are as follows:

3 (1) Direct services projects. A direct services project may be sponsored
4 by either a community-based organization or a business. A direct services
5 project sponsored by a business may be denied if, in the opinion of the
6 director, the business's contribution can more consistently with the purposes
7 of this program be made through contributions to a community-based
8 organization. Tax credits will not be given to a business whose contributions
9 are for activities that are a part of its normal course of business. For direct
10 service projects, the tax credit shall be a percentage of the amount of funds
11 expended by a business in providing direct services or a percentage of
12 contributions made to a community-based organization for such project by a
13 taxpayer;

14 (2) Capital campaign projects. For capital campaign projects, the tax
15 credit shall be a percentage of the amount of contributions made to a
16 community-based organization for the project by a taxpayer;

17 (3) Small business revolving loan program projects. For a small
18 business revolving loan program project, the tax credit shall be a percentage
19 of a taxpayer's investment in or contribution to a designated revolving loan
20 fund of a community-based organization, community bank, or community
21 development financial institution;

22 (4) Youth employment projects. For youth employment projects, the tax
23 credit shall be a percentage of the amount paid to the intern or apprentice by
24 a business that is a taxpayer;

25 (5) Physical revitalization projects. For physical revitalization
26 projects, the tax credit shall be a percentage of contributions to a
27 community-based organization for such project;

28 (6) Youth services projects. For youth services projects, the tax credit
29 shall be a percentage of contributions made to a community-based
30 organization for such project by a taxpayer.

31 2. The department, after public hearings, shall adopt a multiyear plan
32 determining program priorities and any set-asides for the categories set forth
33 in subsection 1 of this section.

34 3. A community-based organization or business entity seeking approval
35 of a project for participation in the program shall submit an application
36 containing information as required by the department in a format determined
37 by the department. No application shall be approved which does not have the
38 endorsement of the agency of local government within the area in which the

39 **project is engaging in program activities. The time frame for application**
40 **submission will be announced by the department. The department shall**
41 **review applications on at least an annual basis.**

42 **4. After review of applications, the director will approve or disapprove**
43 **a project and establish the amount of tax credit to be granted. Projects may**
44 **be approved for up to two years, corresponding with the state's fiscal**
45 **year. Capital campaign projects may be approved for up to three years at the**
46 **discretion of the director.**

47 **5. Approval of any project is effective as of the effective date of the**
48 **contract between the department and the business or community-based**
49 **organization. Approved project activities and the solicitation of contributions**
50 **for approved project activities shall begin after the effective date of the**
51 **contract. Any funds expended or contributions made before approval of a**
52 **project for participation in the program shall be ineligible for a tax credit.**

53 **6. Approved projects will be notified by the department of the total**
54 **amount of tax credits approved for the project and whether the credits are**
55 **fifty percent credits or seventy percent credits, as provided in section 135.810.**

56 **7. The department of economic development shall prescribe the method**
57 **for claiming the tax credits allowed in this section.**

135.810. The percentage credit as set forth in subsection 1 of section
2 **135.805 shall be fifty percent except that a seventy percent credit may be**
3 **awarded for projects in a city, town, village, or unincorporated area that has**
4 **fifteen thousand or less inhabitants as of the last decennial census and is**
5 **located in a county which is either located in:**

6 **(1) An area that is not part of a standard metropolitan statistical area;**

7 **(2) A standard metropolitan statistical area but such county has only**
8 **one city, town, or village which has more than fifteen thousand inhabitants;**
9 **or**

10 **(3) A standard metropolitan statistical area and a substantial number**
11 **of persons in such county derive their income from agriculture.**

135.815. 1. The tax credit authorized by sections 135.800 to 135.820 may
2 **be claimed by a taxpayer to offset the tax liability imposed by chapter 143,**
3 **RSMo, excluding withholding tax imposed by sections 143.191 to 143.265,**
4 **RSMo, chapter 147, RSMo, or chapter 148, RSMo, that becomes due in the tax**
5 **year during which the investment or contribution was made. Where the**
6 **amount of the credit exceeds the tax liability for the year in which the**
7 **investment or contribution was made, the difference between the credit and**

8 the tax liability may be carried forward for the next three succeeding taxable
9 years or until the full credit has been claimed, whichever first occurs.

10 2. Credits granted to a partnership, a limited liability company taxed
11 as a partnership, an S corporation or multiple owners of property shall be
12 passed through to the partners, members, or owners respectively pro rata.

13 3. The aggregate of all tax credits authorized pursuant to sections
14 135.800 to 135.820 shall not exceed fifteen million dollars in any year.

15 4. The department may revoke a tax credit certificate if any
16 representation to the department in connection with the application proves
17 to have been false when made or if the application violates any conditions
18 established by the department and stated in the tax credit certificate. The
19 revocation may be in full or in part as the department may determine. The
20 department shall specify the amount of credit being revoked and shall send
21 notice of the revocation to the taxpayer and to the state department of
22 revenue.

135.818. The department may adopt such rules, statements of policy,
2 procedures, forms, and guidelines as may be necessary for the implementation
3 of this program. No rule or portion of a rule promulgated pursuant to the
4 authority of this section shall become effective unless it has been
5 promulgated pursuant to chapter 536, RSMo.

135.820. 1. No projects may be approved by the director of the
2 department of economic development for the neighborhood assistance
3 program, the youth opportunities and violence prevention program, or the
4 development tax credit program on or after August 28, 2003.

5 2. No tax credits may be issued by the department of economic
6 development for the neighborhood assistance program, the youth
7 opportunities and violence prevention program, or the development tax credit
8 program on or after January 1, 2006.

9 3. This section shall expire on January 1, 2006.

135.827. 1. As used in this section, the following terms mean:

2 (1) "Designated nonprofit oversight organization", a charitable
3 organization in this state that is exempt from federal taxation pursuant to the
4 Internal Revenue Code, as amended, designated to certify nonprofit
5 educational assistance organizations, accept qualifying contributions,
6 approve applications for the tax credit allowed by this section, distribute
7 qualifying contributions to certified nonprofit educational assistance
8 organizations, and coordinate with the director in administering the tax

9 credit allowed by this section;

10 (2) "Director", the director of the department of economic development;

11 (3) "Income eligible student", any elementary or secondary school
12 student who attends a school located in a home rule city with more than four
13 hundred thousand inhabitants and located in more than one county, or in a
14 city not within a county whose parents' or guardians' income would make the
15 student eligible for a free or reduced price school lunch pursuant to the
16 National School Lunch Act;

17 (4) "Nonprofit educational assistance organization", a charitable
18 organization in this state that is exempt from federal taxation pursuant to the
19 Internal Revenue Code, as amended, is certified by the director through a
20 designated nonprofit oversight organization, and that allocates at least ninety
21 percent of its annual revenue derived from contributions for which a credit
22 is claimed pursuant to this section for educational assistance. The term
23 nonprofit educational assistance organization does not include an
24 organization that only provides scholarships to students of a particular
25 school;

26 (5) "Qualified school", any elementary or secondary school situated in
27 this state which a child may attend to satisfy the requirements of section
28 167.031, RSMo, and is not in violation of the Civil Rights Act of 1964;

29 (6) "Qualified student", an income eligible student who in the previous
30 school year was enrolled in a state-funded school or who had received a
31 scholarship as a qualified student and is not enrolled in a state-funded public
32 school in the year in which the nonprofit educational assistance organization
33 is providing a scholarship to that student. The term shall include all income
34 eligible kindergarten students;

35 (7) "Qualifying contribution", a donation of cash, stock, bonds, or other
36 marketable securities for purposes of claiming a tax credit pursuant to this
37 section;

38 (8) "State tax liability", any liability incurred by a taxpayer pursuant
39 to chapters 143, 147, and 153, RSMo, excluding withholding taxes pursuant to
40 sections 143.191 to 143.265, RSMo, and related provisions;

41 (9) "Taxpayer", an individual subject to the state income tax imposed
42 in chapter 143, RSMo, an individual, a firm, a partner in a firm, corporation,
43 or a shareholder in an S corporation doing business in this state and subject
44 to the state income tax imposed by chapter 143, RSMo, or a corporation
45 subject to the annual corporation franchise tax imposed by chapter 147,

46 **RSMo, or an express company which pays an annual tax on its gross receipts**
47 **in this state pursuant to chapter 153, RSMo.**

48 **2. For all tax years beginning on or after January 1, 2003, any taxpayer**
49 **who makes contributions to a nonprofit educational assistance organization**
50 **may claim a credit against the tax otherwise due pursuant to chapter 143,**
51 **RSMo, other than taxes withheld pursuant to sections 143.191 to 143.265,**
52 **RSMo, and chapters 147 and 153, RSMo, in an amount equal to fifty percent**
53 **of the amount the taxpayer contributed during the tax year for which the**
54 **credit is claimed; except that, no taxpayer shall claim a credit pursuant to**
55 **this section for any contribution made by the taxpayer, or an agent of the**
56 **taxpayer, on behalf of the taxpayer's dependent, or in the case of a business**
57 **taxpayer, on behalf of the business's agent's dependent. Any amount of**
58 **contribution subtracted from federal adjusted gross income shall be added**
59 **back in the determination of Missouri adjusted gross income before the credit**
60 **can be claimed.**

61 **3. The amount of the tax credit claimed shall not exceed the amount of**
62 **the taxpayer's state tax liability for the tax year that the credit is**
63 **claimed. Any amount of credit that the taxpayer is prohibited by this section**
64 **from claiming in a tax year may be carried forward to any of the taxpayer's**
65 **four subsequent taxable years. Except for any credit carried over pursuant**
66 **to this section, no taxpayer shall claim a credit pursuant to this section unless**
67 **the amount contributed to a nonprofit educational assistance organization is**
68 **two hundred dollars or more.**

69 **4. The cumulative amount of tax credits which may be claimed by all**
70 **taxpayers contributing to a nonprofit educational assistance organization in**
71 **any one fiscal year shall not exceed five million dollars. The director shall**
72 **establish a procedure by which, from the beginning of the fiscal year until**
73 **some point in time later in the fiscal year to be determined by the director,**
74 **the cumulative amount of tax credits are apportioned among all nonprofit**
75 **educational assistance organizations. To the maximum extent possible, the**
76 **director shall establish the procedure described in this subsection in such a**
77 **manner as to ensure that taxpayers can claim all the tax credits possible up**
78 **to the cumulative amount of tax credits available for the fiscal year.**

79 **5. The director shall determine, at least annually, which organizations**
80 **in this state may be classified as a nonprofit educational assistance**
81 **organization. The director may require a charity seeking classification as a**
82 **nonprofit educational assistance organization to provide any information**

83 reasonably necessary to make such a determination. The director shall
84 classify an organization as a nonprofit educational assistance organization if
85 the organization qualifies as a nonprofit educational assistance organization
86 as defined in this section. To qualify as a nonprofit educational assistance
87 organization, the organization shall meet the following conditions:

88 (a) At least seventy percent of all qualifying contributions it receives
89 during any given state fiscal year are allocated for the purpose of providing
90 scholarships to any qualified student who attends a qualified school, and the
91 organization gives priority in awarding scholarships to those students who
92 demonstrate the greatest need for such scholarships, as defined by: children
93 of inmates; children residing in a low-performing schools area; children
94 residing within the boundaries of schools targeted for improvement under the
95 No Child Left Behind Act of 2001 pursuant to public law 107-110; children
96 residing within the boundaries of concerned schools and academically
97 deficient schools pursuant to section 160.538, RSMo; children of schools in
98 provisionally accredited districts; children attending schools in districts that
99 participate in federal court ordered desegregation; or, children enrolled in
100 classes that do not meet the Missouri school improvement minimum standards
101 for class size used for accreditation purposes. Scholarship moneys may be
102 used to cover applicable tuition, transportation, textbooks, supplies, and
103 other related educational or extracurricular expenses. Any qualifying
104 contributions not required to be allocated in accordance with this paragraph
105 may be used to provide scholarships for income eligible students who attend
106 qualified schools or may be used for the purposes set forth in paragraph (c)
107 of this subdivision;

108 (b) Does not provide any scholarship to any qualified student for a
109 single school year that exceeds three thousand four hundred dollars, which
110 amount shall annually be increased for inflation based on increases in the
111 Consumer Price Index rounded to the nearest fifty dollar increment, except
112 that the nonprofit educational assistance organization may award
113 scholarships to children with disabilities who are age three or older in any
114 amount that is substantially comparable to the amount the state would have
115 paid for such child, and except that scholarships may be awarded in amounts
116 in excess of the limitation if the increased amount of any such scholarships
117 is offset by a reduction in the monetary amount of the scholarships provided
118 by the nonprofit educational assistance organization to nonqualifying
119 students. To qualify for a scholarship, children with disabilities are not

120 **required to meet the income eligible student definition if the disabled child's**
121 **parents or guardians have unreimbursed medical expenses in excess of seven**
122 **and one-half percent of federal adjusted gross income;**

123 **(c) A nonprofit education assistance organization may allocate up to**
124 **thirty percent of any qualifying contributions it receives during any given**
125 **state fiscal year that are not required to be allocated pursuant to paragraphs**
126 **(a) and (b) of this subdivision to directly assist any income eligible student**
127 **who attends a public school in defraying the costs of private instructional**
128 **assistance, including any related private educational supplies; for**
129 **transportation to any public school to the extent that such transportation is**
130 **not paid for by a school district or the state; for offsetting fees for**
131 **out-of-school programs; for apprenticeship programs; for scholarship**
132 **assistance for dropouts to pursue a GED or its equivalent; for grants for**
133 **public school academic or extracurricular programs or for income eligible or**
134 **qualified students to attend a qualified school;**

135 **(d) All interest accruing from contributions shall be used for**
136 **educational assistance; and**

137 **(e) The amount of a qualifying contribution which may be accepted by**
138 **a nonprofit educational assistance organization is limited to the amount**
139 **needed to provide scholarships for qualifying students which the organization**
140 **has identified and for which vacancies in eligible nonpublic schools have**
141 **been identified.**

142 **6. The director shall establish a procedure by which a taxpayer can**
143 **determine if an organization has been classified as a nonprofit educational**
144 **assistance organization, and by which taxpayers can claim the tax credit**
145 **pursuant to this section.**

146 **7. The funding authorized in this section shall be considered private,**
147 **voluntary, nongovernmental funding. The providing of assistance by a**
148 **nonprofit educational assistance organization shall not be construed to be a**
149 **public appropriation, or the providing of public assistance to any school.**

150 **8. The director shall certify and enter into a contract with a designated**
151 **nonprofit organization for the purpose of administering this section. A**
152 **designated nonprofit oversight organization may be subject to an audit by the**
153 **director. To qualify for designation, a nonprofit organization shall:**

154 **(a) Have the administrative capability to promote the success of the tax**
155 **credit allowed by this section by recruiting and coordinating activities with**
156 **all interested nonprofit educational assistance organizations in this state and**

157 **certifying those nonprofit educational assistance organizations that meet the**
158 **certification criteria set forth in subdivision (4) of this section;**

159 **(b) Demonstrate the ability to handle large volumes of and amounts of**
160 **financial transactions and be able to resolve Internal Revenue Service**
161 **compliance issues;**

162 **(c) Review the staff qualifications, evaluate fundraising capabilities,**
163 **and confirm exempt status of the nonprofit educational assistance**
164 **organizations;**

165 **(d) Create a standardized application for use by nonprofit educational**
166 **assistance organizations;**

167 **(e) Insure that selected nonprofit educational assistance organizations**
168 **operate in a fiscally neutral manner;**

169 **(f) Produce an annual report for the general assembly; and**

170 **(g) Complete other duties as required by the director.**

171 **9. If any portion of paragraph (a) of subsection 5 of this section is ruled**
172 **invalid, unenforceable, or unconstitutional by a court of competent**
173 **jurisdiction the qualifying contributions shall be distributed in accordance**
174 **with paragraphs (b) and (c) of subsection 5 of this section.**

175 **10. Any rule or portion of a rule, as that term is defined in section**
176 **536.010, RSMo, that is created under the authority delegated in this section**
177 **shall become effective only if it complies with and is subject to all of the**
178 **provisions of chapter 536, RSMo, and, if applicable, section 536.028,**
179 **RSMo. This section and chapter 536, RSMo, are nonseverable and if any of**
180 **the powers vested with the general assembly pursuant to chapter 536, RSMo,**
181 **to review, to delay the effective date, or to disapprove and annul a rule are**
182 **subsequently held unconstitutional, then the grant of rulemaking authority**
183 **and any rule proposed or adopted after August 28, 2003, shall be invalid and**
184 **void.**

135.875. 1. Sections 135.875 to 135.895 shall be known and may be cited
2 **as the "Competitive Communities Tax Credit Act".**

3 **2. As used in sections 135.875 to 135.895, the following terms mean:**

4 **(1) "Approved project", a project approved by the director to**
5 **participate in the program established by sections 135.875 to 135.895;**

6 **(2) "Business", a private for-profit entity doing business in the state of**
7 **Missouri;**

8 **(3) "Department", the department of economic development;**

9 **(4) "Director", the director of the department of economic development**

10 or a person acting under the supervision of the director;

11 (5) "Distressed community", as defined in section 135.530;

12 (6) "Economic development project", a project that will improve,
13 develop, or finance a new, existing, or expanding business, and will create,
14 retain, or improve jobs in the state;

15 (7) "Program", the competitive communities tax credit program created
16 by sections 135.875 to 135.895;

17 (8) "Targeted industry", an industry or one of a cluster of industries
18 that is identified by the department as critical to the state's economic
19 security and growth and affirmed as such by the joint committee on economic
20 development policy and planning established in section 620.602, RSMo; and

21 (9) "Taxpayer", a person subject to the state income tax imposed by
22 chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to
23 143.265, RSMo, subject to the annual corporation franchise tax imposed by
24 chapter 147, RSMo, or an insurance company paying an annual tax on its
25 gross premium receipts in this state, or other financial institution paying
26 taxes to the state of Missouri or any political subdivision of this state
27 pursuant to chapter 148, RSMo, or an express company paying an annual tax
28 on its gross receipts in this state pursuant to chapter 153, RSMo.

135.880. 1. The department, after public hearings, shall adopt a
2 multiyear plan determining program priorities and any limitations on
3 eligibility based upon, but not limited to, the following criteria:

4 (1) Whether a business is a targeted industry;

5 (2) The potential impact of a project on the economy of Missouri;

6 (3) The economy of the county where a project is to occur;

7 (4) Whether a project is in a distressed community;

8 (5) The payroll attributable to a project;

9 (6) The investment attributable to a project;

10 (7) The amount of the average wage paid by a business at a project;

11 (8) The costs to Missouri and the affected political subdivisions with
12 respect to a project; and

13 (9) The financial assistance that is otherwise provided by Missouri and
14 the affected political subdivisions.

15 2. A business seeking approval of an economic development project for
16 participation in the program shall submit an application containing
17 information as required by the department in a format determined by the
18 department.

**135.885. 1. After review of an application, the director shall approve
2 or disapprove a project and establish the amount of tax credit to be granted
3 and the terms and conditions thereof.**

**4 2. An agreement between the business and the department regarding
5 an approved project shall contain any provisions required by section 620.017,
6 RSMo, and may also contain the following, as applicable:**

**7 (1) A detailed description of the project that is the subject of the
8 agreement;**

**9 (2) A specific method for determining the number of persons employed
10 in new or retained jobs at the project;**

**11 (3) A requirement that the business shall at least annually report to the
12 department the number of new or retained jobs and the total amount of
13 salaries and wages paid to persons in the new or retained jobs at the project;**

**14 (4) A requirement that the business shall provide written notification
15 to the director not more than thirty days after the business makes or receives
16 a proposal that would transfer the business's state tax liability obligations to
17 a successor taxpayer;**

**18 (5) A requirement that the business shall maintain operations at the
19 project for a specified period of time; and**

**20 (6) Any other performance conditions that the department determines
21 are appropriate.**

**22 3. The department of economic development shall prescribe the method
23 for claiming the tax credits allowed in this section.**

**135.890. 1. The tax credit authorized by sections 135.875 to 135.895 may
2 be claimed by a taxpayer to offset the tax liability imposed by chapter 143,
3 RSMo, excluding withholding tax imposed by sections 143.191 to 143.265,
4 RSMo, chapter 147, RSMo, chapter 148, RSMo, or chapter 153, RSMo, that
5 becomes due in the tax year during which the investment was made or jobs
6 were created or retained. Where the amount of the credit exceeds the tax
7 liability for the year in which the investment was made or the jobs created
8 or retained, the difference between the credit and the tax liability may be
9 carried forward for the next five succeeding taxable years or until the full
10 credit has been claimed, whichever first occurs.**

**11 2. Credits granted to a partnership, a limited liability company taxed
12 as a partnership, an S corporation, or multiple owners of property shall be
13 passed through to the partners, members, or owners respectively pro rata.**

14 3. Certificates of tax credit issued pursuant to this section may be

15 transferred, sold, or assigned by filing a notarized endorsement thereof with
16 the department which names the transferee and the amount of tax credit
17 transferred, as well as any other information reasonably requested by the
18 department.

19 **4. The aggregate of all tax credits authorized pursuant to sections**
20 **135.875 to 135.895 shall not exceed five million dollars in any year.**

21 **5. In addition to any penalties that may be prescribed in the agreement**
22 **required by subsection 2 of section 135.885, the department may revoke a tax**
23 **credit certificate if any representation to the department in connection with**
24 **the application proves to have been false when made or if the application**
25 **violates any conditions established by the department and stated in the tax**
26 **credit certificate. The revocation may be in full or in part as the department**
27 **may determine. The department shall specify the amount of credit being**
28 **revoked and shall send notice of the revocation to the taxpayer and to the**
29 **state department of revenue.**

135.895. The department may adopt such rules, statements of policy,
2 **procedures, forms, and guidelines as may be necessary for the implementation**
3 **of this program. No rule or portion of a rule promulgated pursuant to the**
4 **authority of this section shall become effective unless it has been**
5 **promulgated pursuant to chapter 536, RSMo.**

163.036. 1. In computing the amount of state aid a school district is entitled to
2 receive under section 163.031, a school district may use an estimate of the number of
3 eligible pupils for the ensuing year, the number of eligible pupils for the immediately
4 preceding year or the number of eligible pupils for the second preceding school year,
5 whichever is greater, **except that the eligible pupil count shall be adjusted such**
6 **that no school district shall receive state aid for any pupil who is no longer**
7 **enrolled in the school district as the result of using the proceeds of an**
8 **educational scholarship to transfer to another qualified school provided**
9 **pursuant to section 135.827, RSMo.** Except as otherwise provided in subsection 3
10 of this section, any error made in the apportionment of state aid because of a difference
11 between the actual number of eligible pupils and the estimated number of eligible pupils
12 shall be corrected as provided in section 163.091, except that if the amount paid to a
13 district estimating eligible pupils exceeds the amount to which the district was actually
14 entitled by more than five percent, interest at the rate of six percent shall be charged
15 on the excess and shall be added to the amount to be deducted from the district's
16 apportionment the next succeeding year.

17 2. Notwithstanding the provisions of subsection 1 of this section or any other
18 provision of law, the state board of education shall make an adjustment for the
19 immediately preceding year for any increase in the actual number of eligible pupils
20 above the number on which the state aid in section 163.031 was calculated. Said
21 adjustment shall be made in the manner providing for correction of errors under
22 subsection 1 of this section.

23 3. (1) For any district which has, for at least five years immediately preceding
24 the year in which the error is discovered, adopted a calendar for the school term in which
25 elementary schools are in session for twelve months of each calendar year, any error
26 made in the apportionment of state aid to such district because of a difference between
27 the actual number of eligible pupils and the estimated number of eligible pupils shall be
28 corrected as provided in section 163.091 and subsection 1 of this section, except that if
29 the amount paid exceeds the amount to which the district was actually entitled by more
30 than five percent and the district provides written application to the state board
31 requesting that the deductions be made pursuant to subdivision (2) of this subsection,
32 then the amounts shall be deducted pursuant to subdivision (2) of this subsection.

33 (2) For deductions made pursuant to this subdivision, interest at the rate of six
34 percent shall be charged on the excess and shall be included in the amount deducted and
35 the total amount of such excess plus accrued interest shall be deducted from the
36 district's apportionment in equal monthly amounts beginning with the succeeding school
37 year and extending for a period of months specified by the district in its written request
38 and no longer than sixty months.

39 4. For the purposes of distribution of state school aid pursuant to section 163.031,
40 a school district may elect to use the district's equalized assessed valuation for the
41 preceding year, or an estimate of the current year's assessed valuation if the current
42 year's equalized assessed valuation is estimated to be more than ten percent less than
43 the district's equalized assessed valuation for the preceding year. A district shall give
44 prior notice to the department of its intention to use the current year's assessed
45 valuation pursuant to this subsection. Any error made in the apportionment of state aid
46 because of a difference between the actual equalized assessed valuation for the current
47 year and the estimated equalized assessed valuation for the current year shall be
48 corrected as provided in section 163.091, except that if the amount paid to a district
49 estimating current equalized assessed valuation exceeds the amount to which the district
50 was actually entitled, interest at the rate of six percent shall be charged on the excess
51 and shall be added to the amount to be deducted from the district's apportionment the
52 next succeeding year.

53 5. For the purposes of distribution of state school aid pursuant to section 163.031,
54 a school district with ten percent or more of its assessed valuation that is owned by one
55 person or corporation as commercial or personal property who is delinquent in a property
56 tax payment may elect, after receiving notice from the county clerk on or before March
57 fifteenth, except in the year enacted, that more than ten percent of its current taxes due
58 the preceding December thirty-first by a single property owner are delinquent, to use on
59 line 2 of the state aid formula the district's equalized assessed valuation for the
60 preceding year or the actual assessed valuation of the year for which the taxes are
61 delinquent less the assessed valuation of property for which the current year's property
62 tax is delinquent. To qualify for use of the actual assessed valuation of the year for
63 which the taxes are delinquent less the assessed valuation of property for which the
64 current year's property tax is delinquent, a district must notify the department of
65 elementary and secondary education on or before April first, except in the year enacted,
66 of the current year amount of delinquent taxes, the assessed valuation of such property
67 for which delinquent taxes are owed and the total assessed valuation of the district for
68 the year in which the taxes were due but not paid. Any district giving such notice to the
69 department of elementary and secondary education shall present verification of the
70 accuracy of such notice obtained from the clerk of the county levying delinquent
71 taxes. When any of the delinquent taxes identified by such notice are paid during a
72 four-year period following the due date, the county clerk shall give notice to the district
73 and the department of elementary and secondary education, and state aid paid to the
74 district shall be reduced by an amount equal to the delinquent taxes received plus
75 interest. The reduction in state aid shall occur over a period not to exceed five years and
76 the interest rate on excess state aid not refunded shall be six percent annually.

77 6. If a district receives state aid based on equalized assessed valuation as
78 determined by subsection 5 of this section and if prior to such notice the district was
79 paid state aid pursuant to subdivision (2) of subsection 5 of section 163.031, the amount
80 of state aid paid during the year of such notice and the first year following shall equal
81 the sum of state aid paid pursuant to line 1 minus line 10 as defined in subsections 1,
82 2, 3 and 6 of section 163.031 plus the difference between the state aid amount being paid
83 after such notice minus the amount of state aid the district would have received
84 pursuant to line 1 minus line 10 as defined in subsections 1, 2, 3 and 6 of section 163.031
85 before such notice. To be eligible to receive state aid based on this provision the district
86 must levy during the first year following such notice at least the maximum levy
87 permitted school districts by article X, section 11(b) of the Missouri Constitution and
88 have a voluntary rollback of its tax rate which is no greater than one cent per one

89 hundred dollars assessed valuation.

348.254. Records and documents submitted to the Missouri technology corporation relating to financial investments in a business, or sales projections or other business plan information which may endanger the competitiveness of a business, or records and documents submitted to the Missouri technology corporation relating to tax credits except for the amount and recipient of any tax credits that are awarded may be deemed a closed record as such term is defined in section 610.010, RSMo.

348.256. The articles of incorporation and bylaws of the Missouri technology corporation shall provide that:

(1) The purposes of the corporation are to contribute to the strengthening of the economy of the state through the development of science and technology, to promote the modernization of Missouri businesses by supporting the transfer of science, technology and quality improvement methods to the workplace, and to enhance the productivity and modernization of Missouri businesses by providing leadership in the establishment of methods of technology application, technology commercialization and technology development;

(2) The board of directors of the corporation is composed of [~~fifteen~~] **sixteen** persons. The governor shall annually appoint one of its members, who must be from the private sector, as chairman. The board shall consist of the following members:

(a) The director of the department of economic development, or the director's designee;

(b) The president of the University of Missouri system, or the president's designee;

(c) **The commissioner of higher education;**

(d) A member of the state senate, appointed by the president pro tem of the senate;

~~[(d)]~~ (e) A member of the house of representatives, appointed by the speaker of the house;

~~[(e)]~~ (f) Eleven members appointed by the governor, two of which shall be from the public sector and nine members from the private sector who shall include, but shall not be limited to, individuals who represent technology-based businesses and industrial interests;

~~[(f)]~~ (g) Each of the directors of the corporation who is appointed by the governor shall serve for a term of four years and until a successor is duly appointed; except that, of the directors serving on the corporation as of August 28, 1995, three

29 directors shall be designated by the governor to serve a term of four years, three
30 directors shall be designated to serve a term of three years, three directors shall be
31 designated to serve a term of two years, and two directors shall be designated to serve
32 a term of one year. Each director shall continue to serve until a successor is duly
33 appointed by the governor **unless removed by the governor. The governor may**
34 **remove any director if fully satisfied of his or her inefficiency, neglect of**
35 **duty, or misconduct in office;**

36 (3) [The corporation may receive money from any source, may borrow money, may
37 enter into contracts, and may expend money for any activities appropriate to its purpose;

38 (4) The corporation may appoint staff and do all other things necessary or
39 incidental to carrying out the functions listed in section 348.261;

40 (5)] Any changes in the articles of incorporation or bylaws must be approved by
41 the governor;

42 [(6)] (4) The corporation shall submit an annual report to the governor and to
43 the Missouri general assembly. The report shall be due on the first day of November for
44 each year and shall include detailed information on the structure, operation and
45 financial status of the corporation. The corporation shall conduct an annual public
46 hearing to receive comments from interested parties regarding the report, and notice of
47 the hearing shall be given at least fourteen days prior to the hearing; and

48 [(7)] (5) The corporation is subject to an annual audit by the state auditor and
49 that the corporation shall bear the full cost of the audit.

348.261. The corporation, after being certified by the governor as provided by
2 section 348.251, may:

3 (1) **Sue and be sued in its official name;**

4 (2) **Adopt and use an official seal;**

5 (3) **Apply for and accept gifts, grants, loans, or contributions from any**
6 **source, public or private;**

7 (4) **Purchase, receive, take by grant, gift, devise, bequest, or otherwise,**
8 **lease, or otherwise acquire, own, hold, improve, employ, use, and otherwise**
9 **deal in and with, real or personal property, or any interest therein, wherever**
10 **situated;**

11 (5) **Sell, convey, lease, exchange, transfer, or otherwise dispose of, all**
12 **or any of its property or any interest therein, wherever situated;**

13 (6) **Employ and fix the compensation of an executive director and such**
14 **other agents or employees as it considers necessary, however, the department**
15 **of economic development may provide administrative staff support in the**

16 **event the corporation is not adequately funded for employees;**

17 **(7) Make all expenditures which are incident and necessary to carry**
18 **out its purposes and powers;**

19 **(8) Assess or charge a fee for each application it receives for financial**
20 **incentives authorized to be administered by the corporation and assess or**
21 **charge other fees as the corporation determines to be reasonable to carry out**
22 **its purposes, including, but not limited to, fees or premiums for loans;**

23 **(9) Create such other separate accounts outside of the state treasury**
24 **as deemed necessary or appropriate by the corporation to carry out the**
25 **duties and purposes of sections 348.251 to 348.266;**

26 **(10) Establish a statewide business modernization network to assist Missouri**
27 **businesses in identifying ways to enhance productivity and market competitiveness;**

28 **[(2)] (11) Identify scientific and technological problems and opportunities related**
29 **to the economy of Missouri and formulate proposals to overcome those problems or**
30 **realize those opportunities;**

31 **[(3)] (12) Identify specific areas where scientific research and technological**
32 **investigation will contribute to the improvement of productivity of Missouri**
33 **manufacturers and farmers;**

34 **[(4)] (13) Determine specific areas in which financial investment in scientific**
35 **and technological research and development from private businesses located in Missouri**
36 **could be enhanced or increased if state resources were made available to assist in**
37 **financing activities;**

38 **[(5)] (14) Assist in establishing cooperative associations of universities in**
39 **Missouri and of private enterprises for the purpose of coordinating research and**
40 **development programs that will, consistent with the primary educational function of the**
41 **universities, aid in the creation of new jobs in Missouri;**

42 **[(6)] (15) Assist in financing the establishment and continued development of**
43 **technology-intensive businesses in Missouri;**

44 **[(7)] (16) Advise universities of the research needs of Missouri business and**
45 **improve the exchange of scientific and technological information for the mutual benefit**
46 **of universities and private business;**

47 **[(8)] (17) Coordinate programs established by universities to provide Missouri**
48 **businesses with scientific and technological information;**

49 **[(9)] (18) Establish programs in scientific education [which] **that** will support**
50 **the accelerated development of technology-intensive businesses in Missouri;**

51 **[(10)] (19) Provide financial assistance through contracts, grants and loans to**

52 programs of scientific and technological research and development;

53 [(11)] **(20)** Determine how public universities can increase income derived from
54 the sale or licensure of products or processes having commercial value that are developed
55 as a result of university sponsored research programs;

56 [(12)] **(21)** Contract with innovation centers, as established in section 348.271,
57 small business development corporations, as established in sections 620.1000 to
58 620.1007, RSMo, centers for advanced technology, as established in section 348.272, and
59 other entities or organizations for the provision of technology application, technology
60 commercialization and technology development services. Such contracting procedures
61 shall not be subject to the provisions of chapter 34, RSMo; and

62 [(13)] **(22)** Make direct seed capital or venture capital investments in Missouri
63 business investment funds or businesses which demonstrate the promise of growth and
64 job creation. Investments from the corporation may be in the form of debt or equity in
65 the respective businesses.

620.017. **1.** The department of economic development shall require that any
2 contract or agreement with any party which provides grants, loans, **tax credits**, other
3 financial assistance or services, to which a monetary value can be assigned, to such party
4 through a program administered by the department of economic development shall:

5 **(1)** Specify that such party shall use the proceeds of any such grant, loan, other
6 financial assistance or the benefits of any services solely as required by that program
7 through which the loan, grant, financial assistance or service is provided[.];

8 **(2) Describe the economic incentive, including the amount and type of**
9 **economic incentive;**

10 **(3) State why the economic incentive is needed;**

11 **(4) State the public purpose or purposes for the economic incentive;**

12 **(5) State the goal or goals for the economic incentive and the time**
13 **periods by which these goals will be met;**

14 **(6) Describe the financial obligation of the party if the requirements**
15 **of the contract or agreement are not met;**

16 **(7) State the name and address of the parent corporation of the**
17 **recipient, if any; and**

18 **(8) State all other financial assistance known by the department that**
19 **was received by the recipient for the same project.**

20 **2.** In addition, such a contract or agreement shall require that any recipient
21 which uses the proceeds or services for any other purpose or fails to comply with any
22 requirement established by the program through which the loan, grant, **tax credit**,

23 financial assistance or service is provided shall return any remaining proceeds to the
24 department and shall also require that any proceeds expended or the value of any
25 **incentives or services to which a monetary value can be assigned** received by the
26 party shall be repaid to the department as required by the contract.

27 **3. The contracts or agreements required by this section shall be**
28 **governed by and enforceable through the applicable provisions of contract**
29 **law.**

30 **4. The department of economic development shall prepare an annual**
31 **report regarding all economic incentives administered in the previous**
32 **calendar year and submit such report to the governor, the president pro tem**
33 **of the senate, and the speaker of the house of representatives by July first of**
34 **each year. The annual report shall be made available to the public and shall**
35 **include, but not be limited to, the following elements:**

36 **(1) The total amount of economic incentives awarded by region of the**
37 **state;**

38 **(2) The total amount of economic incentives awarded by industry;**

39 **(3) The distribution of economic incentives by type and public purpose;**

40 **(4) The distribution of economic incentives by the size of all business**
41 **recipients; and**

42 **(5) A reporting of any legal action taken by the department or the state**
43 **with any parties which have failed to comply with a contract or agreement**
44 **pursuant to this section.**

620.606. The joint committee on economic development policy and
2 **planning established in section 620.602, shall conduct a review of the**
3 **enterprise zone program established by sections 135.200 to 135.270, RSMo, to**
4 **include local and state incentives. A report based on such review, with any**
5 **recommended legislative changes, shall be submitted to the speaker of the**
6 **house of representatives and the president pro tempore of the senate no later**
7 **than February first following the year in which the review is conducted.**

620.1039. 1. As used in this section, the [term] following terms mean:

2 **(1) "Department", the Missouri department of economic development;**

3 **(2) "Director", the director of the department of economic development,**
4 **or a person acting under the supervision of the director;**

5 **(3) "Qualified research expenses", has the same meaning as prescribed**
6 **in 26 U.S.C.A. Section 41, except that contract research expenses paid or**
7 **incurred by the taxpayer for research conducted at a university may be**
8 **counted at one hundred percent of such amounts;**

9 **(4) "Targeted industry", an industry or one of a cluster of industries**
10 **that is identified by the department as critical to the state's economic**
11 **security and growth and affirmed as such by the joint committee on economic**
12 **development policy and planning established in section 620.602;**

13 **(5) "Taxpayer" [means], an individual, a partnership, or a corporation as**
14 **described in section 143.441 or 143.471, RSMo, or section 148.370, RSMo, [and the term**
15 **"qualified research expenses" has the same meaning as prescribed in 26 U.S.C. 41] that**
16 **is a targeted industry;**

17 **(6) "University", a public university of the state of Missouri.**

18 2. For tax years beginning on or after January 1, 2001, **but before January 1,**
19 **2004,** the director [of the department of economic development] may authorize a
20 taxpayer to receive a tax credit against the tax otherwise due pursuant to chapter 143,
21 RSMo, or chapter 148, RSMo, other than the taxes withheld pursuant to sections 143.191
22 to 143.265, RSMo, in an amount up to six and one-half percent of the excess of the
23 taxpayer's qualified research expenses, as certified by the director [of the department of
24 economic development], within this state during the taxable year over the average of the
25 taxpayer's qualified research expenses within this state over the immediately preceding
26 three taxable years; except that, no tax credit shall be allowed on that portion of the
27 taxpayer's qualified research expenses incurred within this state during the taxable year
28 in which the credit is being claimed, to the extent such expenses exceed two hundred
29 percent of the taxpayer's average qualified research expenses incurred during the
30 immediately preceding three taxable years. **For tax years beginning on or after**
31 **January 1, 2004, the director may authorize a taxpayer to receive a tax credit**
32 **against the tax otherwise due pursuant to chapter 143, RSMo, or chapter 148,**
33 **RSMo, other than the taxes withheld pursuant to sections 143.191 to 143.265,**
34 **RSMo, in an amount up to six and one-half percent of the excess of the**
35 **taxpayer's qualified research expenses, as certified by the director, within**
36 **this state during the taxable year over the average of the taxpayer's qualified**
37 **research expenses within this state over the immediately preceding three**
38 **taxable years; except that, no tax credit shall be allowed on that portion of**
39 **the taxpayer's qualified research expenses incurred within this state during**
40 **the taxable year in which the credit is being claimed, to the extent such**
41 **expenses exceed two hundred percent of the taxpayer's average qualified**
42 **research expenses incurred during the immediately preceding three taxable**
43 **years, except that a taxpayer that has been in existence for three years shall**
44 **be limited to two hundred percent of the average expenses incurred during**

45 **the immediately preceding two taxable years, a taxpayer that has been in**
46 **existence for two years shall be limited to two hundred percent of the**
47 **expenses incurred during the immediately preceding taxable year, and a**
48 **taxpayer that has been in existence for one year shall not be so limited.**

49 3. The director [of economic development] shall prescribe the manner in which
50 the tax credit may be applied for. The tax credit authorized by this section may be
51 claimed by the taxpayer to offset the tax liability imposed by chapter 143, RSMo, or
52 chapter 148, RSMo, that becomes due in the tax year during which such qualified
53 research expenses were incurred. Where the amount of the credit exceeds the tax
54 liability, the difference between the credit and the tax liability may only be carried
55 forward for the next five succeeding taxable years or until the full credit has been
56 claimed, whichever first occurs. The application for tax credits authorized by the
57 director pursuant to subsection 2 of this section shall be made no later than the end of
58 the taxpayer's tax period immediately following the tax period for which the credits are
59 being claimed.

60 4. Certificates of tax credit issued pursuant to this section may be transferred,
61 sold or assigned by filing a notarized endorsement thereof with the department which
62 names the transferee and the amount of tax credit transferred. [The director of economic
63 development may allow a taxpayer to transfer, sell or assign up to forty percent of the
64 amount of the certificates of tax credit issued to and not claimed by such taxpayer
65 pursuant to this section during any tax year commencing on or after January 1, 1996,
66 and ending not later than December 31, 1999. Such taxpayer shall file, by December 31,
67 2001, an application with the department which names the transferee, the amount of tax
68 credit desired to be transferred, and a certification that the funds received by the
69 applicant as a result of the transfer, sale or assignment of the tax credit shall be
70 expended within three years at the state university for the sole purpose of conducting
71 research activities agreed upon by the department, the taxpayer and the state
72 university. Failure to expend such funds in the manner prescribed pursuant to this
73 section shall cause the applicant to be subject to the provisions of section 620.017.]

74 5. No rule or portion of a rule promulgated under the authority of this section
75 shall become effective unless it has been promulgated pursuant to the provisions of
76 chapter 536, RSMo. All rulemaking authority delegated prior to June 27, 1997, is of no
77 force and effect and repealed; however, nothing in this section shall be interpreted to
78 repeal or affect the validity of any rule filed or adopted prior to June 27, 1997, if such
79 rule complied with the provisions of chapter 536, RSMo. The provisions of this section
80 and chapter 536, RSMo, are nonseverable and if any of the powers vested with the

81 general assembly pursuant to chapter 536, RSMo, including the ability to review, to
82 delay the effective date, or to disapprove and annul a rule or portion of a rule, are
83 subsequently held unconstitutional, then the purported grant of rulemaking authority
84 and any rule so proposed and contained in the order of rulemaking shall be invalid and
85 void.

86 6. The [aggregate of all] tax credits authorized pursuant to this section shall not
87 exceed nine million seven hundred thousand dollars in any year.

2 [32.110. Any business firm which engages in the activities of
3 providing physical revitalization, economic development, job training or
4 education for individuals, community services, eligible farmers' markets
5 or crime prevention in the state of Missouri shall receive a tax credit as
6 provided in section 32.115 if the director of the department of economic
7 development annually approves the proposal of the business firm; except
8 that, no proposal shall be approved which does not have the endorsement
9 of the agency of local government within the area in which the business
10 firm is engaging in such activities which has adopted an overall
11 community or neighborhood development plan that the proposal is
12 consistent with such plan. The proposal shall set forth the program to be
13 conducted, the neighborhood area to be served, why the program is
14 needed, the estimated amount to be contributed to the program and the
15 plans for implementing the program. If, in the opinion of the director of
16 the department of economic development, a business firm's contribution
17 can more consistently with the purposes of sections 32.100 to 32.125 be
18 made through contributions to a neighborhood organization as defined in
19 subdivision (15) of section 32.105, tax credits may be allowed as provided
20 in section 32.115. The director of the department of economic development
21 is hereby authorized to promulgate rules and regulations for establishing
22 criteria for evaluating such proposals by business firms for approval or
23 disapproval and for establishing priorities for approval or disapproval of
24 such proposals by business firms with the assistance and approval of the
25 director of the department of revenue. The total amount of tax credit
26 granted for programs approved pursuant to sections 32.100 to 32.125 shall
27 not exceed fourteen million dollars in fiscal year 1999 and twenty-six
28 million dollars in fiscal year 2000, and any subsequent fiscal year, except
29 as otherwise provided for proposals approved pursuant to section 32.111,
32.112 or 32.117. All tax credits authorized pursuant to the provisions of

30 sections 32.100 to 32.125 may be used as a state match to secure
31 additional federal funding. The total amount of tax credits allowed for
32 programs of neighborhood organizations defined pursuant to paragraph (d)
33 of subdivision (15) of section 32.105 is two and one-half million dollars per
34 fiscal year for fiscal years 2002 to 2006.]

2 [32.117. 1. Any business firm which engages in the activity of
3 providing a homeless assistance project for low-income persons in the state
4 of Missouri shall receive a tax credit as provided in section 32.115, if the
5 division of community development within the department of economic
6 development annually approves the proposal of the business firm. The
7 proposal shall only be approved if the project is located in a city with a
8 population of four hundred thousand or more inhabitants which is located
9 in more than one county and which serves a mix of rural and urban
counties.

10 2. For purposes of this section "low-income persons" shall mean
11 families or persons with incomes of fifty percent or less of median income
12 adjusted for family size as allowed by the Department of Housing and
13 Urban Development (HUD) under section 8.

14 3. The purpose of a homeless assistance project shall be to serve
15 low-income families or persons who are experiencing economic crisis
16 caused by one or more of the following:

- 17 (1) Loss of employment;
- 18 (2) Medical disability or emergency;
- 19 (3) Loss or delay of some form of public assistance benefits;
- 20 (4) Natural disaster;
- 21 (5) Substantial change in household composition;
- 22 (6) Victimization by criminal activity;
- 23 (7) Illegal action by a landlord;
- 24 (8) Displacement by government or private action; or
- 25 (9) Some other condition which constitutes a hardship.

26 4. The amount of the tax credit shall not exceed fifty-five percent
27 of the value of the proposal benefits, which shall include one or more of
28 the following types of benefits to low-income persons in order to be
29 eligible:

- 30 (1) Payment of rent or mortgage for not more than three months
31 during any twelve-month period;

32 (2) Payment to a landlord of a rent deposit or a security deposit for
33 not more than two months during any twelve-month period;

34 (3) Case management services which shall include support services
35 such as child care, education resource assistance, job resource assistance,
36 counseling, and resource and referral;

37 (4) Outreach services to low-income persons to prevent
38 homelessness;

39 (5) Transitional housing facilities with support services.

40 5. The homeless assistance program shall give priority to the
41 following types of low-income families or individuals:

42 (1) Families with minor children who are in imminent danger of
43 removal from the family because of a lack of suitable housing
44 accommodation;

45 (2) Single parent household;

46 (3) Other households with children;

47 (4) Households with a disabled household member or a household
48 member who is at least sixty-five years of age;

49 (5) All other households.

50 6. The organization implementing a homeless assistance program
51 pursuant to this section shall make annual reports identifying the goal of
52 the program, the number of recipients served, the type of services
53 rendered, and moneys expended to provide the program. The program
54 report shall be submitted to the governor, speaker of the house of
55 representatives and the president pro tem of the senate. These reports
56 shall also be available to the general public upon request.

57 7. For each of the fiscal years beginning on July 1, 1991, and July
58 1, 1992, one million dollars in tax credits may be allowed to be used for
59 the homeless assistance pilot project, pursuant to this section.]

2 [32.120. The decision of the director of the department of economic
3 development to approve or disapprove a proposal pursuant to section
4 32.110 shall be in writing, and if he approves the proposal, he shall state
5 the maximum credit allowable to the business firm. A copy of the decision
6 of the director of the department of economic development shall be
transmitted to the director of revenue and to the governor.]

2 [32.125. 1. No rule or portion of a rule promulgated under the
authority of this chapter or any provisions of any other chapter by the

3 department of revenue shall become effective until it has been approved
4 by the joint committee on administrative rules in accordance with the
5 procedures provided herein, and the delegation of the legislative authority
6 to enact law by the adoption of such rules is dependent upon the power of
7 the joint committee on administrative rules to review and suspend rules
8 pending ratification by the senate and the house of representatives as
9 provided herein.

10 2. Upon filing any proposed rule with the secretary of state, the
11 department of revenue shall concurrently submit such proposed rule to the
12 committee, which may hold hearings upon any proposed rule or portion
13 thereof at any time.

14 3. A final order of rulemaking shall not be filed with the secretary
15 of state until thirty days after such final order of rulemaking has been
16 received by the committee. The committee may hold one or more hearings
17 upon such final order of rulemaking during the thirty-day period. If the
18 committee does not disapprove such order of rulemaking within the
19 thirty-day period, the department of revenue may file such order of
20 rulemaking with the secretary of state and the order of rulemaking shall
21 be deemed approved.

22 4. The committee may, by majority vote of the members, suspend
23 the order of rulemaking or portion thereof by action taken prior to the
24 filing of the final order of rulemaking only for one or more of the following
25 grounds:

- 26 (1) An absence of statutory authority for the proposed rule;
- 27 (2) An emergency relating to public health, safety or welfare;
- 28 (3) The proposed rule is in conflict with state law;
- 29 (4) A substantial change in circumstance since enactment of the

30 law upon which the proposed rule is based.

31 5. If the committee disapproves any rule or portion thereof, the
32 department of revenue shall not file such disapproved portion of any rule
33 with the secretary of state and the secretary of state shall not publish in
34 the Missouri Register any final order of rulemaking containing the
35 disapproved portion.

36 6. If the committee disapproves any rule or portion thereof, the
37 committee shall report its findings to the senate and the house of
38 representatives. No rule or portion thereof disapproved by the committee

39 shall take effect so long as the senate and the house of representatives
40 ratify the act of the joint committee by resolution adopted in each house
41 within thirty legislative days after such rule or portion thereof has been
42 disapproved by the joint committee.

43 7. Upon adoption of a rule as provided herein, any such rule or
44 portion thereof may be suspended or revoked by the general assembly
45 either by bill or, pursuant to section 8, article IV of the constitution, by
46 concurrent resolution upon recommendation of the joint committee on
47 administrative rules. The committee shall be authorized to hold hearings
48 and make recommendations pursuant to the provisions of section 536.037,
49 RSMo. The secretary of state shall publish in the Missouri Register, as
50 soon as practicable, notice of the suspension or revocation.]

2 [135.460. 1. Section 135.460 and sections 620.1100 and 620.1103,
3 RSMo, shall be known and may be cited as the "Youth Opportunities and
4 Violence Prevention Act".

5 2. As used in this section, the term "taxpayer" shall include
6 corporations as defined in section 143.441 or 143.471, RSMo, and
7 individuals, individual proprietorships and partnerships.

8 3. A taxpayer shall be allowed a tax credit against the tax
9 otherwise due pursuant to chapter 143, RSMo, excluding withholding tax
10 imposed by sections 143.191 to 143.265, RSMo, chapter 147, RSMo,
11 chapter 148, RSMo, or chapter 153, RSMo, in an amount equal to thirty
12 percent for property contributions and fifty percent for monetary
13 contributions of the amount such taxpayer contributed to the programs
14 described in subsection 5 of this section, not to exceed two hundred
15 thousand dollars per taxable year, per taxpayer; except as otherwise
16 provided in subdivision (5) of subsection 5 of this section. The department
17 of economic development shall prescribe the method for claiming the tax
18 credits allowed in this section. No rule or portion of a rule promulgated
19 under the authority of this section shall become effective unless it has
20 been promulgated pursuant to the provisions of chapter 536, RSMo. All
21 rulemaking authority delegated prior to June 27, 1997, is of no force and
22 effect and repealed; however, nothing in this section shall be interpreted
23 to repeal or affect the validity of any rule filed or adopted prior to June 27,
24 1997, if such rule complied with the provisions of chapter 536, RSMo. The
provisions of this section and chapter 536, RSMo, are nonseverable and if

25 any of the powers vested with the general assembly pursuant to chapter
26 536, RSMo, including the ability to review, to delay the effective date, or
27 to disapprove and annul a rule or portion of a rule, are subsequently held
28 unconstitutional, then the purported grant of rulemaking authority and
29 any rule so proposed and contained in the order of rulemaking shall be
30 invalid and void.

31 4. The tax credits allowed by this section shall be claimed by the
32 taxpayer to offset the taxes that become due in the taxpayer's tax period
33 in which the contribution was made. Any tax credit not used in such tax
34 period may be carried over the next five succeeding tax periods.

35 5. The tax credit allowed by this section may only be claimed for
36 monetary or property contributions to public or private programs
37 authorized to participate pursuant to this section by the department of
38 economic development and may be claimed for the development,
39 establishment, implementation, operation, and expansion of the following
40 activities and programs:

41 (1) An adopt-a-school program. Components of the adopt-a-school
42 program shall include donations for school activities, seminars, and
43 functions; school-business employment programs; and the donation of
44 property and equipment of the corporation to the school;

45 (2) Expansion of programs to encourage school dropouts to reenter
46 and complete high school or to complete a graduate equivalency degree
47 program;

48 (3) Employment programs. Such programs shall initially, but not
49 exclusively, target unemployed youth living in poverty and youth living in
50 areas with a high incidence of crime;

51 (4) New or existing youth clubs or associations;

52 (5) Employment/internship/apprenticeship programs in business
53 or trades for persons less than twenty years of age, in which case the tax
54 credit claimed pursuant to this section shall be equal to one-half of the
55 amount paid to the intern or apprentice in that tax year, except that such
56 credit shall not exceed ten thousand dollars per person;

57 (6) Mentor and role model programs;

58 (7) Drug and alcohol abuse prevention training programs for youth;

59 (8) Donation of property or equipment of the taxpayer to schools,
60 including schools which primarily educate children who have been

61 expelled from other schools, or donation of the same to municipalities, or
62 not-for-profit corporations or other not-for-profit organizations which offer
63 programs dedicated to youth violence prevention as authorized by the
64 department;

65 (9) Not-for-profit, private or public youth activity centers;

66 (10) Nonviolent conflict resolution and mediation programs;

67 (11) Youth outreach and counseling programs.

68 6. Any program authorized in subsection 5 of this section shall, at
69 least annually, submit a report to the department of economic
70 development outlining the purpose and objectives of such program, the
71 number of youth served, the specific activities provided pursuant to such
72 program, the duration of such program and recorded youth attendance
73 where applicable.

74 7. The department of economic development shall, at least
75 annually submit a report to the Missouri general assembly listing the
76 organizations participating, services offered and the number of youth
77 served as the result of the implementation of this section.

78 8. The tax credit allowed by this section shall apply to all taxable
79 years beginning after December 31, 1995.

80 9. For the purposes of the credits described in this section, in the
81 case of a corporation described in section 143.471, RSMo, partnership,
82 limited liability company described in section 347.015, RSMo, cooperative,
83 marketing enterprise, or partnership, in computing Missouri's tax liability,
84 such credits shall be allowed to the following:

85 (1) The shareholders of the corporation described in section
86 143.471, RSMo;

87 (2) The partners of the partnership;

88 (3) The members of the limited liability company; and

89 (4) Individual members of the cooperative or marketing enterprise.

90 Such credits shall be apportioned to the entities described in subdivisions
91 (1) and (2) of this subsection in proportion to their share of ownership on
92 the last day of the taxpayer's tax period.]

2 [135.535. 1. A corporation, limited liability corporation,
3 partnership or sole proprietorship, which moves its operations from
4 outside Missouri or outside a distressed community into a distressed
community, or which commences operations in a distressed community on

5 or after January 1, 1999, and in either case has more than seventy-five
6 percent of its employees at the facility in the distressed community, and
7 which has fewer than one hundred employees for whom payroll taxes are
8 paid, and which is a manufacturing, biomedical, medical devices, scientific
9 research, animal research, computer software design or development,
10 computer programming, telecommunications or a professional firm shall
11 receive a forty percent credit against income taxes owed pursuant to
12 chapter 143, 147 or 148, RSMo, other than taxes withheld pursuant to
13 sections 143.191 to 143.265, RSMo, for each of the three years after such
14 move, if approved by the department of economic development, which shall
15 issue a certificate of eligibility if the department determines that the
16 taxpayer is eligible for such credit. The maximum amount of credits per
17 taxpayer set forth in this subsection shall not exceed one hundred
18 twenty-five thousand dollars for each of the three years for which the
19 credit is claimed. The department of economic development, by means of
20 rule or regulation promulgated pursuant to the provisions of chapter 536,
21 RSMo, shall assign appropriate standard industrial classification numbers
22 to the companies which are eligible for the tax credits provided for in this
23 section. Such three-year credits shall be awarded only one time to any
24 company which moves its operations from outside of Missouri or outside
25 of a distressed community into a distressed community or to a company
26 which commences operations within a distressed community. A taxpayer
27 shall file an application for certification of the tax credits for the first year
28 in which credits are claimed and for each of the two succeeding taxable
29 years for which credits are claimed.

30 2. Employees of such facilities physically working and earning
31 wages for that work within a distressed community whose employers have
32 been approved for tax credits pursuant to subsection 1 of this section by
33 the department of economic development for whom payroll taxes are paid
34 shall, also be eligible to receive a tax credit against individual income tax,
35 imposed pursuant to chapter 143, RSMo, equal to one and one-half percent
36 of their gross salary paid at such facility earned for each of the three years
37 that the facility receives the tax credit provided by this section, so long as
38 they were qualified employees of such entity. The employer shall calculate
39 the amount of such credit and shall report the amount to the employee
40 and the department of revenue.

41 3. A tax credit against income taxes owed pursuant to chapter 143,
42 147 or 148, RSMo, other than the taxes withheld pursuant to sections
43 143.191 to 143.265, RSMo, in lieu of the credit against income taxes as
44 provided in subsection 1 of this section, may be taken by such an entity in
45 a distressed community in an amount of forty percent of the amount of
46 funds expended for computer equipment and its maintenance, medical
47 laboratories and equipment, research laboratory equipment,
48 manufacturing equipment, fiber optic equipment, high speed
49 telecommunications, wiring or software development expense up to a
50 maximum of seventy-five thousand dollars in tax credits for such
51 equipment or expense per year per entity and for each of three years after
52 commencement in or moving operations into a distressed community. A
53 corporation, partnership or sole proprietorship, which has no more than
54 one hundred employees for whom payroll taxes are paid, and which is
55 already located in a distressed community, which expends funds for such
56 equipment as set forth in this subsection in an amount exceeding its
57 average of the prior two years for such equipment, shall be eligible to
58 receive a twenty-five percent tax credit against income taxes owed
59 pursuant to chapters 143, 147 and 148, RSMo, up to a maximum of
60 seventy-five thousand dollars in tax credits for such additional equipment
61 and expense per such entity. Tax credits pursuant to this subsection or
62 subsection 1 may be used to satisfy the state tax liability due in the tax
63 year the credit is certified, and that was due during the previous three
64 years, and in any of the five tax years thereafter.

65 4. Tax credits shall be approved for applicants meeting the
66 requirements of this section in the order that such applications are
67 received. Certificates of tax credits issued in accordance with this section
68 may be transferred, sold or assigned by notarized endorsement which
69 names the transferee.

70 5. The tax credits allowed pursuant to subsections 1, 2 and 3 of
71 this section shall be for an amount of no more than ten million dollars for
72 each year beginning in 1999. The total maximum credit for all entities
73 already located in distressed communities and claiming credits pursuant
74 to subsection 3 of this section shall be seven hundred and fifty thousand
75 dollars. The department of economic development in approving taxpayers
76 for the credit as provided for in subsection 4 of this section shall use

77 information provided by the department of revenue regarding taxes paid
78 in the previous year, or projected taxes for those entities newly established
79 in the state, as the method of determining when this maximum will be
80 reached and shall maintain a record of the order of approval. Any tax
81 credit not used in the period for which the credit was approved may be
82 carried over until the full credit has been allowed.

83 6. A Missouri employer relocating into a distressed community and
84 having employees covered by a collective bargaining agreement at the
85 facility from which it is relocating shall not be eligible for the credits in
86 subsection 1 or 3 of this section, and its employees shall not be eligible for
87 the credit in subsection 2 of this section if the relocation violates or
88 terminates a collective bargaining agreement covering employees at the
89 facility, unless the affected collective bargaining unit concurs with the
90 move.

91 7. Notwithstanding any provision of law to the contrary, no
92 taxpayer shall earn the tax credits allowed in this section and the tax
93 credits otherwise allowed in section 135.110, or the tax credits,
94 exemptions, and refund otherwise allowed in sections 135.200, 135.220,
95 135.225 and 135.245, respectively, for the same business for the same tax
96 period.

97 8. An existing business located within a distressed community,
98 that hires new employees within such distressed communities may be
99 eligible for the tax credits provided in this section. In order to be eligible
100 for such tax credits, the business located within the distressed community,
101 during one of its tax years, must employ within such distressed
102 communities at least twice as many workers as were employed at the
103 beginning of that tax year. Prior to the addition of the new employees, the
104 business shall have no more than one hundred employees. The provisions
105 of this section shall apply only to a business which is a manufacturing,
106 biomedical, medical devices, scientific research, animal research, computer
107 software design or development, computer programming, or
108 telecommunications business or a professional firm.]

2 [135.535. 1. A corporation, limited liability corporation,
3 partnership or sole proprietorship, which moves its operations from
4 outside Missouri or outside a distressed community into a distressed
community, or which commences operations in a distressed community on

5 or after January 1, 1999, and in either case has more than seventy-five
6 percent of its employees at the facility in the distressed community, and
7 which has fewer than one hundred employees for whom payroll taxes are
8 paid, and which is a manufacturing, biomedical, medical devices, scientific
9 research, animal research, computer software design or development,
10 computer programming, telecommunications or a professional firm shall
11 receive a forty percent credit against income taxes owed pursuant to
12 chapter 143, 147 or 148, RSMo, other than taxes withheld pursuant to
13 sections 143.191 to 143.265, RSMo, for each of the three years after such
14 move, if approved by the department of economic development, which shall
15 issue a certificate of eligibility if the department determines that the
16 taxpayer is eligible for such credit. The maximum amount of credits per
17 taxpayer set forth in this subsection shall not exceed one hundred
18 twenty-five thousand dollars for each of the three years for which the
19 credit is claimed. The department of economic development, by means of
20 rule or regulation promulgated pursuant to the provisions of chapter 536,
21 RSMo, shall assign appropriate standard industrial classification numbers
22 to the companies which are eligible for the tax credits provided for in this
23 section. Such three-year credits shall be awarded only one time to any
24 company which moves its operations from outside of Missouri or outside
25 of a distressed community into a distressed community or to a company
26 which commences operations within a distressed community. A taxpayer
27 shall file an application for certification of the tax credits for the first year
28 in which credits are claimed and for each of the two succeeding taxable
29 years for which credits are claimed.

30 2. Employees of such facilities physically working and earning
31 wages for that work within a distressed community whose employers have
32 been approved for tax credits pursuant to subsection 1 of this section by
33 the department of economic development for whom payroll taxes are paid
34 shall, also be eligible to receive a tax credit against individual income tax,
35 imposed pursuant to chapter 143, RSMo, equal to one and one-half percent
36 of their gross salary paid at such facility earned for each of the three years
37 that the facility receives the tax credit provided by this section, so long as
38 they were qualified employees of such entity. The employer shall calculate
39 the amount of such credit and shall report the amount to the employee
40 and the department of revenue.

41 3. A tax credit against income taxes owed pursuant to chapter 143,
42 147 or 148, RSMo, other than the taxes withheld pursuant to sections
43 143.191 to 143.265, RSMo, in lieu of the credit against income taxes as
44 provided in subsection 1 of this section, may be taken by such an entity in
45 a distressed community in an amount of forty percent of the amount of
46 funds expended for computer equipment and its maintenance, medical
47 laboratories and equipment, research laboratory equipment,
48 manufacturing equipment, fiber optic equipment, high speed
49 telecommunications, wiring or software development expense up to a
50 maximum of seventy-five thousand dollars in tax credits for such
51 equipment or expense per year per entity and for each of three years after
52 commencement in or moving operations into a distressed community.

53 4. A corporation, partnership or sole partnership, which has no
54 more than one hundred employees for whom payroll taxes are paid, which
55 is already located in a distressed community and which expends funds for
56 such equipment pursuant to subsection 3 of this section in an amount
57 exceeding its average of the prior two years for such equipment, shall be
58 eligible to receive a tax credit against income taxes owed pursuant to
59 chapters 143, 147 and 148, RSMo, in an amount equal to the lesser of
60 seventy-five thousand dollars or twenty-five percent of the funds expended
61 for such additional equipment per such entity. Tax credits allowed
62 pursuant to this subsection or subsection 1 of this section may be carried
63 back to any of the three prior tax years and carried forward to any of the
64 five tax years.

65 5. An existing corporation, partnership or sole proprietorship that
66 is located within a distressed community and that relocates employees
67 from another facility outside of the distressed community to its facility
68 within the distressed community, and an existing business located within
69 a distressed community that hires new employees for that facility may
70 both be eligible for the tax credits allowed by subsections 1 and 3 of this
71 section. To be eligible for such tax credits, such a business, during one of
72 its tax years, shall employ within a distressed community at least twice
73 as many employees as were employed at the beginning of that tax year. A
74 business hiring employees shall have no more than one hundred
75 employees before the addition of the new employees. This subsection shall
76 only apply to a business which is a manufacturing, biomedical, medical

77 devices, scientific research, animal research, computer software design or
78 development, computer programming or telecommunications business, or
79 a professional firm.

80 6. Tax credits shall be approved for applicants meeting the
81 requirements of this section in the order that such applications are
82 received. Certificates of tax credits issued in accordance with this section
83 may be transferred, sold or assigned by notarized endorsement which
84 names the transferee.

85 7. The tax credits allowed pursuant to subsections 1, 2, 3, 4 and 5
86 of this section shall be for an amount of no more than ten million dollars
87 for each year beginning in 1999. The total maximum credit for all entities
88 already located in distressed communities and claiming credits pursuant
89 to subsection 4 of this section shall be seven hundred and fifty thousand
90 dollars. The department of economic development in approving taxpayers
91 for the credit as provided for in subsection 6 of this section shall use
92 information provided by the department of revenue regarding taxes paid
93 in the previous year, or projected taxes for those entities newly established
94 in the state, as the method of determining when this maximum will be
95 reached and shall maintain a record of the order of approval. Any tax
96 credit not used in the period for which the credit was approved may be
97 carried over until the full credit has been allowed.

98 8. A Missouri employer relocating into a distressed community and
99 having employees covered by a collective bargaining agreement at the
100 facility from which it is relocating shall not be eligible for the credits in
101 subsection 1, 3, 4 or 5 of this section, and its employees shall not be
102 eligible for the credit in subsection 2 of this section if the relocation
103 violates or terminates a collective bargaining agreement covering
104 employees at the facility, unless the affected collective bargaining unit
105 concurs with the move.

106 9. Notwithstanding any provision of law to the contrary, no
107 taxpayer shall earn the tax credits allowed in this section and the tax
108 credits otherwise allowed in section 135.110, or the tax credits,
109 exemptions, and refund otherwise allowed in sections 135.200, 135.220,
110 135.225 and 135.245, respectively, for the same business for the same tax
111 period.]

[135.545. A taxpayer shall be allowed a credit for taxes paid

2 pursuant to chapter 143, 147 or 148, RSMo, in an amount equal to fifty
3 percent of a qualified investment in transportation development for
4 aviation, mass transportation, including parking facilities for users of
5 mass transportation, railroads, ports, including parking facilities and
6 limited access roads within ports, waterborne transportation, bicycle and
7 pedestrian paths, or rolling stock located in a distressed community as
8 defined in section 135.530, and which are part of a development plan
9 approved by the appropriate local agency. If the department of economic
10 development determines the investment has been so approved, the
11 department shall grant the tax credit in order of date received. A
12 taxpayer may carry forward any unused tax credit for up to ten years and
13 may carry it back for the previous three years until such credit has been
14 fully claimed. Certificates of tax credit issued in accordance with this
15 section may be transferred, sold or assigned by notarized endorsement
16 which names the transferee. The tax credits allowed pursuant to this
17 section shall be for an amount of no more than ten million dollars for each
18 year. This credit shall apply to returns filed for all taxable years
19 beginning on or after January 1, 1999. Any unused portion of the tax
20 credit authorized pursuant to this section shall be available for use in the
21 future by those entities until fully claimed.]

[135.750. 1. Beginning January 1, 1999, a taxpayer shall be
2 granted a tax credit against the tax otherwise due pursuant to chapter
3 143, RSMo, excluding withholding tax imposed by sections 143.191 to
4 143.261, RSMo, or chapter 148, RSMo, for up to fifty percent of the
5 amount of investment in production or production-related activities in a
6 qualified film production project. As used in this section, the term
7 "taxpayer" means an individual, a partnership, or a corporation as
8 described in section 143.441, 143.471, RSMo, or section 148.370, RSMo,
9 and the term "qualified film production project" means any film production
10 project with an expected in-state expenditure budget in excess of three
11 hundred thousand dollars. Each film production company shall be limited
12 to one qualified film production project per year. Activities qualifying a
13 taxpayer for the tax credit pursuant to this subsection shall be approved
14 by the office of the Missouri film commission and the department of
15 economic development.

16 2. Taxpayers shall apply for the film production tax credit by

17 submitting an application to the department of economic development, on
18 a form provided by the department. As part of the application, the
19 expected in-state expenditures of the qualified film production project
20 shall be documented. In addition, the application shall include an
21 economic impact statement, showing the economic impact from the
22 activities of the film production project. Such economic impact statement
23 shall indicate the impact on the region of the state in which the film
24 production or production-related activities are located and on the state as
25 a whole.

26 3. Tax credits certified pursuant to subsection 1 of this section
27 shall not exceed five hundred thousand dollars per taxpayer per year, and
28 shall not exceed a total for all tax credits certified of one million dollars
29 per year. Taxpayers may carry forward unused credits for up to five tax
30 periods, provided all such credits shall be claimed within ten tax periods
31 following the tax period in which the film production or production-related
32 activities for which the credits are certified by the department occurred.

33 4. Notwithstanding any provision of law to the contrary, any
34 taxpayer may sell, assign, exchange, convey or otherwise transfer tax
35 credits allowed in subsection 1 of this section. The taxpayer acquiring the
36 tax credits may use the acquired credits to offset the tax liabilities
37 otherwise imposed by chapter 143, RSMo, excluding withholding tax
38 imposed by sections 143.191 to 143.261, RSMo, or chapter 148,
39 RSMo. Unused acquired credits may be carried forward for up to five tax
40 periods, provided all such credits shall be claimed within ten tax periods
41 following the tax period in which the film production or production-related
42 activities for which the credits are certified by the department occurred.]

2 [135.766. An eligible small business, as defined in Section 44 of the
3 Internal Revenue Code, shall be allowed a credit against the tax otherwise
4 due pursuant to chapter 143, RSMo, not including sections 143.191 to
5 143.265, RSMo, in an amount equal to any amount paid by the eligible
6 small business to the United States Small Business Administration as a
7 guaranty fee pursuant to obtaining Small Business Administration
8 guaranteed financing and to programs administered by the United States
9 Department of Agriculture for rural development or farm service
agencies.]

[620.1100. 1. The "Youth Opportunities and Violence Prevention

2 Program" is hereby established in the division of community and economic
3 development of the department of economic development to broaden and
4 strengthen opportunities for positive development and participation in
5 community life for youth, and to discourage such persons from engaging
6 in criminal and violent behavior. For the purposes of section 135.460,
7 RSMo, this section and section 620.1103, the term "advisory committee"
8 shall mean an advisory committee to the division of community and
9 economic development established pursuant to this section composed of
10 ten members of the public. The ten members of the advisory committee
11 shall include members of the private sector with expertise in youth
12 programs, and at least one person under the age of twenty-one. Such
13 members shall be appointed for two-year terms by the director of the
14 department of economic development.

15 2. The "Youth Opportunities and Violence Prevention Fund" is
16 hereby established in the state treasury and shall be administered by the
17 department of economic development. The department may accept for
18 deposit into the fund any grants, bequests, gifts, devises, contributions,
19 appropriations, federal funds, and any other funds from whatever source
20 derived. Moneys in the fund shall be used solely for purposes provided in
21 section 135.460, RSMo, this section and section 620.1103. Any
22 unexpended balance in the fund at the end of a fiscal year shall be exempt
23 from the provisions of section 33.080, RSMo, relating to the transfer of
24 unexpended balances to the general revenue fund.

25 3. The department of economic development in conjunction with
26 the advisory committee shall establish program criteria and evaluation
27 methods for tax credits claimed pursuant to section 135.460, RSMo. Such
28 criteria and evaluation methods shall measure program effectiveness and
29 outcomes, and shall give priority to local, neighborhood, community-based
30 programs. The department shall monitor and evaluate all programs
31 funded pursuant to section 135.460, RSMo, this section and section
32 620.1103. Such programs shall provide a priority for applications from
33 areas of the state which have statistically higher incidence of crime,
34 violence and poverty and such programs shall be funded before the
35 programs which have applied from areas which do not exhibit crime,
36 violence, and poverty to the same degree. The committee shall focus and
37 support specific programs designed to generate self-esteem and a positive

38 self-reliance in youth and which abate youth violence.

39 4. The department shall develop and operate a database which
40 lists all participating and related programs. The database shall include
41 indexes and cross references and shall be accessible by the public by
42 computer-modem connection. The division of data processing and
43 telecommunications of the office of administration and the department of
44 economic development shall cooperate with the advisory committee in the
45 development and operation of the program.]

[620.1103. 1. Notwithstanding any provision of law to the
2 contrary, the department may in its discretion assign moneys from the
3 youth opportunities and violence prevention fund to any entity designated
4 by the department, for programs designated in section 135.460, RSMo,
5 section 620.1100 and this section, including, but not limited to, schools,
6 state agencies, political subdivisions and agencies thereof, not-for-profit
7 corporations or not-for-profit organizations, the Missouri youth
8 conservation corps, community action agencies, caring community
9 programs, or any other entity or program such as any early childhood
10 program, including, but not limited to, the parents as teachers program or
11 similar programs; provided that, such assignment of funds does not exceed
12 fifteen percent of the total value of the fund, and provided further that no
13 more than ten percent of such funds assigned shall be used for
14 administrative purposes.

15 2. Any entity receiving funds pursuant to the youth opportunities
16 and violence prevention act shall sign an agreement to utilize such funds
17 for the programs designated in section 135.460, RSMo, section 620.1100
18 and this section. The state auditor may conduct an audit to monitor the
19 utilization of funds assigned by the department. If an entity uses funds
20 for purposes other than for the programs designated in section 135.460,
21 RSMo, section 620.1100 and this section, the department shall require the
22 entity to repay such funds to the department.]

[620.1400. Sections 620.1400 to 620.1460 shall be known and may
2 be cited as the "Missouri Individual Training Account Program Act" and
3 its provisions shall be effective only within distressed communities as
4 defined by section 135.530, RSMo.]

[620.1410. There is hereby established an "Individual Training
2 Account Program" within the department of economic development. Job

3 training and retraining activities conducted pursuant to the provisions of
4 sections 620.1400 to 620.1460 shall be directed to employee advancement,
5 where jobs are linked to training before the training commences, and shall
6 emphasize upgrade training where current or potential employers, by
7 means of educational programs, provide existing employees with training
8 for higher skilled positions. Job training activities provided pursuant to
9 the provisions of the individual training account program shall attempt to
10 prepare employed workers, including those with obsolete or inadequate job
11 skills, for positions that remain unfilled or that may be created by current
12 or potential employers.]

[620.1420. As used in sections 620.1400 to 620.1460, the following
2 terms mean:

3 (1) "Costs of classroom training", the normal costs incurred in the
4 provision of classroom training which may also include specifically
5 identified costs incurred for instructors, classroom space and facilities,
6 administrative support services, and directly related expenses, that
7 together do not exceed the amount normally allowed for support of
8 vocational and technical classes;

9 (2) "Department", the department of economic development;

10 (3) "Employee", a full-time or part-time employed worker whose
11 salary is equal to or less than two hundred percent of the federal poverty
12 level;

13 (4) "Employee upgrade training", the progressive development of
14 skills associated with the defined set of work processes. Such training
15 shall be consistent with a career pattern of advancement, as measured by
16 skill proficiency and the progressive earnings and related benefits, that
17 are recognized within an occupation, trade or industry;

18 (5) "Individual training account", an account funded by the tax
19 credits provided for in section 620.1440 for the provision of employee
20 upgrade training to employees through their participation in classroom
21 training provided by educational institutions;

22 (6) "Local educational institution", a publicly funded or privately
23 funded local educational institution which is certified by a recognized
24 accrediting association as capable of providing adequate classroom
25 training to accomplish the purpose of sections 620.1400 to 620.1460.]

[620.1430. 1. A Missouri employer who desires to participate in

2 the individual training account program shall provide the department of
3 economic development with notification of intent to participate. The
4 notification shall include, but need not be limited to, the names and
5 occupations of employees whom the employer has selected to be trained,
6 whether or not the employees are currently working for the employer, the
7 name of the local educational institution that will provide the training,
8 and a brief description of the training to be given by the institution.

9 2. The employer shall have complete discretion in the selection of
10 the local educational institution or institutions to provide training and
11 shall be responsible for the payment of the costs of classroom training.]

[620.1440. 1. Employers may be reimbursed for the costs of
2 training provided pursuant to the provisions of the individual training
3 account program. Such reimbursement shall be in the form of tax credits
4 as authorized in subsection 2 of this section. The tax credits may be
5 claimed for courses provided in no more than two calendar years for each
6 employee. For each year, the maximum amount of credit per employee
7 which can be certified by the department of economic development shall
8 be the lesser of fifty percent of the costs of classroom training or one
9 thousand five hundred dollars.

10 2. Tax credits may be claimed against any liability incurred by the
11 employer pursuant to the provisions of chapter 143, RSMo, and chapter
12 148, RSMo, exclusive of the provisions relating to the withholding of tax
13 as provided for in sections 143.191 to 143.265, RSMo. Earned tax credits
14 may be carried forward for a period not to exceed five years and may be
15 sold or transferred.

16 3. No claim for tax credits submitted to the department by an
17 employer shall be certified until the employer provides documentation that
18 an employee has successfully completed the employee's course training
19 and has been employed by the employer in a new, full-time position for a
20 period of at least three months. It must be demonstrated satisfactorily to
21 the department that the new position in which the employee located is an
22 upgrade in employment, in terms of salary and responsibilities, from the
23 previously held position. All such increases in salary shall be in addition
24 to normal cost-of-living increases provided for in authorized
25 labor-management contracts. If the employee was previously employed in
26 a part-time position, the base salary for the position shall be calculated as

27 if it were a full-time position.]

2 [620.1450. The maximum amount of tax credits allowable pursuant
3 to the provisions of the individual training account program shall not
annually exceed six million dollars.]

2 [620.1460. The department of economic development may
3 promulgate necessary rules and regulations to carry out the provisions of
4 sections 620.1400 to 620.1460. No rule or portion of a rule promulgated
5 pursuant to the authority of sections 620.1400 to 620.1460 shall become
6 effective unless it has been promulgated pursuant to the provisions of
chapter 536, RSMo.]

2 [620.1560. 1. For purposes of this section, the following terms
mean:

- 3 (1) "Department", the department of economic development;
- 4 (2) "Disadvantaged", an individual shall be considered
5 disadvantaged and eligible to participate in the program if such individual
6 meets any one of the following elements:
- 7 (a) The family income is at or below one hundred fifty percent of
8 the poverty line;
- 9 (b) The individual is receiving public support for the care of a
10 foster child;
- 11 (c) The individual faces serious barriers to employment including
12 displaced homemakers; dislocated workers; veterans; or individuals who
13 possess outdated skills;
- 14 (3) "Program", the mature worker child care program.

15 2. There is hereby established within the department of economic
16 development a program to be known as the "Mature Worker Child Care
17 Program". The program will administer a statewide community service,
18 in cooperation with the neighborhood assistance program, to enroll
19 disadvantaged individuals, who are fifty years of age or older, to work in
20 child-care assignments. Enrollees may include qualified individuals who
21 are currently participating in existing community service programs.

22 3. The department shall solicit proposals from organizations
23 seeking to contract to supervise the participants. Organizations that are
24 awarded a contract will be responsible for recruiting and training
25 participants, locating child-care assignments, and paying
26 participants. Contract proposals shall include:

27 (1) A requirement that participants in the program be paid the
28 federal minimum wage;

29 (2) A process that allows participants to work an average of
30 twenty- four hours a week for public and not-for-profit day care providers
31 and for school latch-key programs that provide before- and after-school
32 care;

33 (3) A description of the range of services to be performed by
34 program participants, including, but not limited to, child care, food
35 preparation, transportation, activity coordination, and clerical duties;

36 (4) A requirement that the participating facilities provide proof of
37 required licensure under sections 210.201 to 210.259, RSMo, with the
38 exception of the public school system.

39 4. The program shall be implemented by July 1, 2000, and shall be
40 funded through general revenue funds with no more than twelve percent
41 of the funds to be used for administrative purposes.

42 5. In addition to tax credits currently available under the
43 neighborhood assistance program, a participating facility shall be allowed
44 a credit against the tax imposed by chapter 143, RSMo, excluding
45 withholding tax imposed by sections 143.191 to 143.265, RSMo, and
46 chapter 147, 148 or 153, RSMo, pursuant to this section. The amount of
47 tax credit claimed shall not exceed the amount of the taxpayer's state tax
48 liability for the taxable year that the credit is claimed. Taxpayers eligible
49 for such tax credit may transfer, sell or assign them. Individual salaries
50 up to ten thousand dollars per program participant each taxable year are
51 eligible for the tax credit which shall not exceed twenty-five percent of the
52 eligible salary amount. Total tax credits taken through the program shall
53 not exceed two million dollars.

54 6. The department of economic development shall verify all tax
55 credit claims by participating facilities. The tax credit allowed by this
56 section shall apply to all taxable years beginning after December 31, 1999.

57 7. Subject to appropriations and to the provisions of chapter 34,
58 RSMo, the oversight division of the committee on legislative research shall
59 award up to thirty thousand dollars every two years for an independent
60 evaluation of the program. Based on this program evaluation, the
61 department shall provide a comprehensive report on the program to the
62 speaker of the house and the president pro tem of the senate by March

63 first of each year, beginning in 2001.]

Section B. The repeal and reenactment of sections 100.105, 620.017, and
2 620.1039 shall become effective on January 1, 2004.

Section C. The repeal of section 135.545, section 135.535 as enacted by conference
2 committee substitute for senate substitute for senate committee substitute for house
3 substitute for house committee substitute for house bill no. 701 of the ninetieth general
4 assembly, first regular session, and section 135.535 as enacted by conference committee
5 substitute no. 2 for house substitute for house committee substitute for senate bill no.
6 20 of the ninetieth general assembly, first regular session, shall become effective on
7 January 1, 2004.

Section D. The repeal and reenactment of sections 32.100, 32.105, and 32.115
2 shall become effective on January 1, 2006.

Section E. The repeal of sections 32.110, 32.117, 32.120, 135.460, 620.1100,
2 620.1103, and section 32.125 as enacted by house substitute for senate bill no. 374,
3 eighty-eighth general assembly, first regular session, shall become effective on January
4 1, 2006.

T