

ENTERPRISE ZONES AND SATELLITE ENTERPRISE ZONES

This substitute:

- (1) Allows Springfield to designate a satellite enterprise zone within its corporate limits. The zone must be on land owned by the city which contains a wastewater treatment plant with a capacity of 5.6 million cubic feet per day and an electrical power plant with a capacity of at least 275 megawatts. The city must submit a plan to the Department of Economic Development describing how the zone corresponds to the city's overall enterprise zone strategy. The zone will not be designated until this plan is submitted and approved by the department's director;
- (2) Allows Sugar Creek to establish a satellite enterprise zone within its corporate limits;
- (3) Allows St. Joseph to establish a satellite enterprise zone within its corporate limits. The city must submit a plan to the department describing how the zone corresponds to the city's overall enterprise zone strategy. The zone will not be designated until this plan is submitted and approved by the department's director;
- (4) Requires the department to establish an enterprise zone in the cities of Bourbon, Richland, and Raytown; and
- (5) Requires the department to establish Columbia as an enterprise zone.

REBUILDING COMMUNITIES AND NEIGHBORHOOD PRESERVATION ACT

The substitute:

- (1) Expands the definition of "eligible costs for a new residence" to include demolition;
- (2) Expands the definition of "eligible costs for rehabilitation" to include expenses associated with the renovation or rehabilitation of an existing structure;
- (3) Expands the definition of "eligible residence" to include condominiums, entire apartment buildings, or single apartments within an apartment building;
- (4) Expands the definition of "new residence" to include condominiums, owner-occupied units or units intended to be owner-occupied in an apartment building, and separate, adjacent

single-family units even when these types of units are not located in a distressed community;

(5) Expands the definition of "project" to include the new construction, rehabilitation, or substantial rehabilitation of multiple residences, whether comprised of one structure containing multiple single-family residences (for example, an apartment building) or multiple individual structures (for example, townhouses or individual homes), in addition to single residences;

(6) Limits the tax credits available for the rehabilitation and construction of residences in distressed communities and census blocks to \$1.5 million per project for those commenced after August 28, 2003. Under current law, of the \$16 million in community improvement tax credits allowed, \$8 million are to be allocated for "eligible residence" programs and \$8 million for "qualifying residence" programs. The substitute states that if, by October 1 of the calendar year, the Director of the Department of Economic Development has issued all \$8 million of the credits allowed for one of these programs and has not issued the entire \$8 million allowance for the other program, the director is required to reallocate 70% of any unused tax credits from the program which has not reached its \$8 million cap to the one which has. The reallocated credits will be given to taxpayers who have applied for, but have not received, tax credits in that same year and who are engaged in projects in the area where the tax credit cap has been met for that same year. The maximum reallocated tax credit for any project may not exceed \$500,000; and

(7) Allows one application for tax credits to be submitted to the department for preliminary approval in the case of projects involving the new construction, rehabilitation, or substantial rehabilitation of more than one residence. Tax credits will be awarded upon final approval of an application and presentation of acceptable proof that substantial construction of each individual residence has been completed, rather than delaying issuance of the tax credits until the entire project is substantially complete.

#### TAX CREDITS FOR INVESTMENT IN OR RELOCATING A BUSINESS TO A DISTRESSED COMMUNITY

For a United States census block group, or contiguous group of block groups, to be considered a "distressed community," current law states that the population for the block group must be 2,500 and the median household income must be below 70% of the median household income for the area to which the block group belongs. The substitute decreases the population requirement to 500 and increases the median household income threshold to 75% of the

median household income for the area to which the block group belongs.

The substitute also expands the definition of a "distressed community" to include areas within metropolitan statistical areas that are designated as either a federal empowerment zone, a federal enhanced enterprise community, or state enterprise zones designated prior to January 1, 1986, but not to include the expansion of those zones done after March 16, 1988.

FISCAL NOTE: Estimated Net Loss to the General Revenue Fund of Unknown in FY 2004, \$1,410,747 to Unknown in FY 2005, and \$1,410,747 to Unknown in FY 2006.