

SECOND REGULAR SESSION

HOUSE BILL NO. 778

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE JOHNSON (47).

Pre-filed December 1, 2003, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

2717L.011

AN ACT

To repeal sections 32.111, 32.112, 32.115, 135.110, 135.403, 135.481, 135.503, 135.545, 348.302, 620.1440, RSMo, 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, ninetieth general assembly, first regular session, and section 135.535 as enacted by conference committee substitute no. 2 for house substitute for house committee substitute for senate bill no. 20, ninetieth general assembly, first regular session, and to enact in lieu thereof twelve new sections relating to tax credits for distressed communities.

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

Section A. Sections 32.111, 32.112, 32.115, 135.110, 135.403, 135.481, 135.503, 135.545, 348.302, 620.1440, RSMo, 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, ninetieth general assembly, first regular session, and section 135.535 as enacted by conference committee substitute no. 2 for house substitute for house committee substitute for senate bill no. 20, ninetieth general assembly, first regular session, RSMo, are repealed and twelve new sections enacted in lieu thereof, to be known as sections 32.111, 32.112, 32.115, 100.860, 135.110, 135.403, 135.481, 135.503, 135.535, 135.545, 348.302, 620.1440, to read as follows:

32.111. **1.** Any business firm which engages in providing affordable housing assistance activities or market rate housing in distressed communities as defined in section 135.530, RSMo, in the state of Missouri shall receive a tax credit as provided in section 32.115 if the commission

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law. Matter in boldface type in the above law is proposed language.

4 or its delegate approves a proposal submitted by one or more business firms for the provision of
5 affordable housing units or market rate housing in distressed communities or in accordance with
6 the requirements of participation in the workfare renovation project in sections 215.340 to
7 215.355, RSMo. The proposal shall set forth the program of affordable housing to be conducted,
8 the location and number of affordable housing units, the neighborhood area to be served, why
9 the program is needed, the time period for which affordable housing units shall be provided, the
10 estimated amount to be invested in the program, plans for implementing the program and a list
11 of the business firms proposing to provide affordable housing assistance activities which are part
12 of the proposal. The same type of information shall be provided in proposals for market rate
13 housing in distressed communities. In the case of rental units of affordable housing, but not
14 market rate housing in distressed communities, all proposals approved by the commission shall
15 require a land use restriction agreement stating the provision of affordable housing on such
16 property for a time period deemed reasonable by the commission. In the case of owner-occupied
17 units of affordable housing, all proposals approved by the commission shall require a land use
18 restriction agreement for a time period deemed reasonable by the commission requiring any
19 subsequent owner, except a lender with a security interest in the property, to be an owner
20 occupant whose income at the time of acquisition is at or below the level described in section
21 32.105, and further requiring the acquisition price to any subsequent owner shall not exceed by
22 more than a five percent annual appreciation the acquisition price to the original, eligible owner
23 at the time tax credits are first claimed. The land use restriction agreement shall constitute a lien
24 as described in subdivision (4) of subsection 3 of section 32.115. The restriction shall be
25 approved by the property owner and shall be binding on any subsequent owner of the property
26 unless otherwise approved by the commission. In approving a proposal, the commission may
27 authorize the use of tax credits by one or more of the business firms listed in the proposal and
28 shall establish specific requirements regarding the degree of completion of affordable housing
29 assistance activities or market rate housing activities in distressed communities necessary to be
30 eligible for tax credits provided pursuant to this section. If, in the opinion of the commission or
31 its delegate, a business firm's investment can more consistently with the purposes of this section
32 be made through a neighborhood organization, tax credits may be allowed as provided in this
33 section. The commission may approve requests for multiyear credit commitments provided
34 eligibility is maintained. The commission or its delegate is hereby authorized to promulgate
35 rules and regulations for establishing criteria for evaluating such proposals by business firms for
36 approval or disapproval, for establishing housing priorities for approval or disapproval of such
37 proposals by business firms, and for the certification of eligibility for tax credits authorized
38 pursuant to this section. The decision of the commission or its delegate to approve or disapprove
39 a proposal pursuant to this section shall be in writing, and if approved, the maximum credit

allowable to the business firm shall be stated. A copy of the decision of the commission or its delegate shall be transmitted to the director of revenue and to the governor. A copy of the certification approved by the commission and a statement of the total amount of credits approved by the commission, the amount of credits previously taken by the taxpayer and the amount being claimed for the current tax year shall be filed in a manner and form designated by the director of revenue for any tax year in which a tax credit is being claimed.

2. For all tax years beginning on or after January 1, 2005, no proposal for tax credits for providing market rate housing in distressed communities submitted pursuant to this section shall be awarded any tax credit pursuant to section 32.115.

32.112. 1. Any business firm which makes a contribution to a neighborhood organization, a significant part of whose activities consist of affordable housing assistance activities or market rate housing in distressed communities as defined in section 135.530, RSMo, in the state of Missouri, shall receive a tax credit as provided in section 32.115 if the commission approves a proposal submitted by one or more business firms for the general operating assistance of such neighborhood organization. The proposal shall set forth the activities of the neighborhood organization, including the affordable housing assistance activities or market rate housing in distressed communities, the neighborhood area to be served, why the activities are needed, the estimated amount to be contributed to the neighborhood organization, and a list of the business firms proposing to make the contributions. The commission is hereby authorized to promulgate rules and regulations pursuant to section 536.024, RSMo, for establishing criteria for evaluating such proposals by business firms for approval or disapproval, and for the certification of eligibility for tax credits authorized pursuant to this section. The decision of the commission to approve or disapprove a proposal pursuant to this section shall be in writing and, if approved, the maximum credit allowable to the business firm shall be stated. A copy of the decision of the commission shall be transmitted to the director of revenue and to the governor. A copy of the certification approved by the commission and a statement of the total amount of credits approved, the amount of credits previously taken by the taxpayer and the amount being claimed for the current tax year shall be filed in a manner and form designated by the director of revenue for any tax year in which a tax credit is being claimed.

2. For all tax years beginning on or after January 1, 2005, no proposal for tax credits for providing market rate housing in distressed communities submitted pursuant to this section shall be awarded any tax credit pursuant to section 32.115.

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

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

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

7 (3) The tax on banks determined in subdivision (1) of subsection 2 of section 148.030,
8 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 institution,
16 where applicable, during the relevant income period in programs approved pursuant to section
17 32.110;

18 (2) Except as provided in subsection 2 or 5 of this section, a tax credit of up to seventy
19 percent may be allowed for contributions to programs where activities fall within the scope of
20 special program priorities as defined with the approval of the governor in regulations
21 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 for
23 contributions to programs located in any community shall be equal to seventy percent of the total
24 amount contributed where such community is a city, town or village which has fifteen thousand
25 or less inhabitants as of the last decennial census and is located in a county which is either
26 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, town or
29 village which has more than fifteen thousand inhabitants; or

30 (c) A standard metropolitan statistical area and a substantial number of persons in such
31 county derive their income from agriculture.

32

33 Such community may also be in an unincorporated area in such county as provided in
34 subdivision (1), (2) or (3) of this subsection. Except in no case shall the total economic benefit
35 of the combined federal and state tax savings to the taxpayer exceed the amount contributed by
36 the taxpayer during the tax year;

37 (4) Such tax credit allocation, equal to seventy percent of the total amount contributed,
38 shall not exceed four million dollars in fiscal year 1999 and six million dollars in fiscal year 2000
39 and any subsequent fiscal year. When the maximum dollar limit on the seventy percent tax credit
40 allocation is committed, the tax credit allocation for such programs shall then be equal to fifty

41 percent credit of the total amount contributed. Regulations establishing special program
42 priorities are to be promulgated during the first month of each fiscal year and at such times
43 during the year as the public interest dictates. Such credit shall not exceed two hundred and fifty
44 thousand dollars annually except as provided in subdivision (5) of this subsection. No tax credit
45 shall be 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 are a part
47 of its normal course of business. Any tax credit not used in the period the contribution was made
48 may be carried over the next five succeeding calendar or fiscal years until the full credit has been
49 claimed. Except as otherwise provided for proposals approved pursuant to section 32.111,
50 32.112 or 32.117, in no event shall the total amount of all other tax credits allowed pursuant to
51 sections 32.100 to 32.125 exceed thirty-two million dollars in any one fiscal year, of which six
52 million shall be credits allowed pursuant to section 135.460, RSMo. If six million dollars in
53 credits are not approved, then the remaining credits may be used for programs approved pursuant
54 to sections 32.100 to 32.125;

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

62 3. For proposals approved pursuant to section 32.111:

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

77 determining the amount of the tax credit. The total amount of tax credit granted for programs
78 approved pursuant to section 32.111 for the fiscal year beginning July 1, 1991, shall not exceed
79 two million dollars, to be increased by no more than two million dollars each succeeding fiscal
80 year, until the total tax credits that may be approved reaches ten million dollars in any fiscal year;

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

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

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

108 4. For proposals approved pursuant to section 32.112, the amount of the tax credit shall
109 not exceed fifty-five percent of the total amount contributed to a neighborhood organization by
110 business firms. Any tax credit not used in the period for which the credit was approved may be
111 carried over the next ten succeeding calendar or fiscal years until the full credit has been allowed.
112 The total amount of tax credit granted for programs approved pursuant to section 32.112 shall

113 not exceed one million dollars for each fiscal year.

114 5. The total amount of tax credits used for market rate housing in distressed communities
115 pursuant to sections 32.100 to 32.125 shall not exceed thirty percent of the total amount of all
116 tax credits authorized pursuant to sections 32.111 and 32.112. **For all tax years beginning on**
117 **or after January 1, 2005, no tax credits for providing market rate housing in distressed**
118 **communities shall be awarded pursuant to this section.**

100.860. For all tax years beginning on or after January 1, 2005, no tax credits or
2 **certificates for any economic development project located in any distressed community as**
3 **defined in section 135.530, RSMo, shall be awarded or issued pursuant to sections 100.700**
4 **to 100.850.**

 135.110. 1. Any taxpayer who shall establish a new business facility shall be allowed
2 a credit, each year for ten years, in an amount determined pursuant to subsection 2 or 3 of this
3 section, whichever is applicable, against the tax imposed by chapter 143, RSMo, excluding
4 withholding tax imposed by sections 143.191 to 143.265, RSMo, or an insurance company which
5 shall establish a new business facility by satisfying the requirements in subdivision (7) of section
6 135.100 shall be allowed a credit against the tax otherwise imposed by chapter 148, RSMo, and
7 in the case of an insurance company exempt from the thirty percent employee requirement of
8 section 135.230, against any obligation imposed pursuant to section 375.916, RSMo, except that
9 no taxpayer shall be entitled to multiple ten-year periods for subsequent expansions at the same
10 facility, except as otherwise provided in this section. For the purpose of this section, the term
11 "facility" shall mean, and be limited to, the facility or facilities which are located on the same site
12 in which the new business facility is located, and in which the business conducted at such facility
13 or facilities is directly related to the business conducted at the new business facility.
14 Notwithstanding the provisions of this subsection, a taxpayer may be entitled to an additional
15 ten-year period if a new business facility is expanded in the eighth, ninth or tenth year of the
16 current ten-year period or in subsequent years following the expiration of the ten-year period, if
17 the number of new business facility employees attributed to such expansion is at least
18 twenty-five and the amount of new business facility investment attributed to such expansion is
19 at least one million dollars. Credits may not be carried forward but shall be claimed for the
20 taxable year during which commencement of commercial operations occurs at such new business
21 facility, and for each of the nine succeeding taxable years. A letter of intent, as provided for in
22 section 135.258, must be filed with the department of economic development no later than
23 fifteen days prior to the commencement of commercial operations at the new business facility.
24 The initial application for claiming tax credits must be made in the taxpayer's tax period
25 immediately following the tax period in which commencement of commercial operations began
26 at the new business facility. This provision shall have effect on all initial applications filed on

27 or after August 28, 1992. No credit shall be allowed pursuant to this section unless the number
28 of new business facility employees engaged or maintained in employment at the new business
29 facility for the taxable year for which the credit is claimed equals or exceeds two; except that the
30 number of new business facility employees engaged or maintained in employment by a
31 revenue-producing enterprise other than a revenue-producing enterprise defined in paragraphs
32 (a) to (g) and (i) to (l) of subdivision (11) of section 135.100 which establishes an office as
33 defined in subdivision (8) of section 135.100 shall equal or exceed twenty-five.

34 2. For tax periods beginning after August 28, 1991, in the case of a taxpayer operating
35 an existing business facility, the credit allowed by subsection 1 of this section shall offset the
36 greater of:

37 (1) Some portion of the income tax otherwise imposed by chapter 143, RSMo, excluding
38 withholding tax imposed by sections 143.191 to 143.265, RSMo, or in the case of an insurance
39 company, the tax on the direct premiums, as defined in chapter 148, RSMo, and in the case of
40 an insurance company exempt from the thirty percent employee requirement of section 135.230,
41 against any obligation imposed pursuant to section 375.916, RSMo, with respect to such
42 taxpayer's new business facility income for the taxable year for which such credit is allowed; or

43 (2) Up to fifty percent or, in the case of an economic development project located within
44 a distressed community as defined in section 135.530, seventy-five percent of the business
45 income tax otherwise imposed by chapter 143, RSMo, excluding withholding tax imposed by
46 sections 143.191 to 143.265, RSMo, or in the case of an insurance company, the tax on the direct
47 premiums, as defined in chapter 148, RSMo, and in the case of an insurance company exempt
48 from the thirty percent employee requirement of section 135.230, against any obligation imposed
49 pursuant to section 375.916, RSMo, if the business operates no other facilities in Missouri. In
50 the case of an existing business facility operating more than one facility in Missouri, the credit
51 allowed in subsection 1 of this section shall offset up to the greater of the portion prescribed in
52 subdivision (1) of this subsection or twenty-five percent or, in the case of an economic
53 development project located within a distressed community as defined in section 135.530,
54 thirty-five percent of the business' tax, except that no taxpayer operating more than one facility
55 in Missouri shall be allowed to offset more than twenty-five percent or, in the case of an
56 economic development project located within a distressed community as defined in section
57 135.530, thirty-five percent of the taxpayer's business income tax in any tax period under the
58 method prescribed in this subdivision. Such credit shall be an amount equal to the sum of one
59 hundred dollars or, in the case of an economic development project located within a distressed
60 community as defined in section 135.530, one hundred fifty dollars for each new business facility
61 employee plus one hundred dollars or, in the case of an economic development project located
62 within a distressed community as defined in section 135.530, one hundred fifty dollars for each

63 one hundred thousand dollars, or major fraction thereof (which shall be deemed to be fifty-one
64 percent or more) in new business facility investment. For the purpose of this section, tax credits
65 earned by a taxpayer, who establishes a new business facility because it satisfies the requirements
66 of paragraph (c) of subdivision (4) of section 135.100, shall offset the greater of the portion
67 prescribed in subdivision (1) of this subsection or up to fifty percent or, in the case of an
68 economic development project located within a distressed community as defined in section
69 135.530, seventy-five percent of the business' tax provided the business operates no other
70 facilities in Missouri. In the case of a business operating more than one facility in Missouri, the
71 credit allowed in subsection 1 of this section shall offset up to the greater of the portion
72 prescribed in subdivision (1) of this subsection or twenty-five percent or, in the case of an
73 economic development project located within a distressed community as defined in section
74 135.530, thirty-five percent of the business' tax, except that no taxpayer operating more than one
75 facility in Missouri shall be allowed to offset more than twenty-five percent or, in the case of an
76 economic development project located within a distressed community as defined in section
77 135.530, thirty-five percent of the taxpayer's business income tax in any tax period under the
78 method prescribed in this subdivision.

79 3. For tax periods beginning after August 28, 1991, in the case of a taxpayer not
80 operating an existing business facility, the credit allowed by subsection 1 of this section shall
81 offset the greater of:

82 (1) Some portion of the income tax otherwise imposed by chapter 143, RSMo, excluding
83 withholding tax imposed by sections 143.191 to 143.265, RSMo, or in the case of an insurance
84 company, the tax on the direct premiums, as defined in chapter 148, RSMo, and in the case of
85 an insurance company exempt from the thirty percent employee requirement of section 135.230,
86 against any obligation imposed pursuant to section 375.916, RSMo, with respect to such
87 taxpayer's new business facility income for the taxable year for which such credit is allowed; or

88 (2) Up to one hundred percent of the business income tax otherwise imposed by chapter
89 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, or in
90 the case of an insurance company, the tax on the direct premiums, as defined in chapter 148,
91 RSMo, and in the case of an insurance company exempt from the thirty percent employee
92 requirement of section 135.230, against any obligation imposed pursuant to section 375.916,
93 RSMo, if the business has no other facilities operating in Missouri. In the case of a taxpayer not
94 operating an existing business and operating more than one facility in Missouri, the credit
95 allowed by subsection 1 of this section shall offset up to the greater of the portion prescribed in
96 subdivision (1) of this subsection or twenty-five percent or, in the case of an economic
97 development project located within a distressed community as defined in section 135.530,
98 thirty-five percent of the business' tax, except that no taxpayer operating more than one facility

99 in Missouri shall be allowed to offset more than twenty-five percent or, in the case of an
100 economic development project located within a distressed community as defined in section
101 135.530, thirty-five percent of the taxpayer's business income tax in any tax period under the
102 method prescribed in this subdivision. Such credit shall be an amount equal to the sum of
103 seventy-five dollars or, in the case of an economic development project located within a
104 distressed community as defined in section 135.530, one hundred twenty-five dollars for each
105 new business facility employee plus seventy-five dollars or, in the case of an economic
106 development project located within a distressed community as defined in section 135.530, one
107 hundred twenty-five dollars for each one hundred thousand dollars, or major fraction thereof
108 (which shall be deemed to be fifty-one percent or more) in new business facility investment.

109 4. The number of new business facility employees during any taxable year shall be
110 determined by dividing by twelve the sum of the number of individuals employed on the last
111 business day of each month of such taxable year. If the new business facility is in operation for
112 less than the entire taxable year, the number of new business facility employees shall be
113 determined by dividing the sum of the number of individuals employed on the last business day
114 of each full calendar month during the portion of such taxable year during which the new
115 business facility was in operation by the number of full calendar months during such period. For
116 the purpose of computing the credit allowed by this section in the case of a facility which
117 qualifies as a new business facility because it qualifies as a separate facility pursuant to
118 subsection 6 of this section, and, in the case of a new business facility which satisfies the
119 requirements of paragraph (c) of subdivision (4) of section 135.100, or subdivision (10) of
120 section 135.100, the number of new business facility employees at such facility shall be reduced
121 by the average number of individuals employed, computed as provided in this subsection, at the
122 facility during the taxable year immediately preceding the taxable year in which such expansion,
123 acquisition, or replacement occurred and shall further be reduced by the number of individuals
124 employed by the taxpayer or related taxpayer that was subsequently transferred to the new
125 business facility from another Missouri facility and for which credits authorized in this section
126 are not being earned, whether such credits are earned because of an expansion, acquisition,
127 relocation or the establishment of a new facility.

128 5. For the purpose of computing the credit allowed by this section in the case of a facility
129 which qualifies as a new business facility because it qualifies as a separate facility pursuant to
130 subsection 6 of this section, and, in the case of a new business facility which satisfies the
131 requirements of paragraph (c) of subdivision (4) of section 135.100 or subdivision (10) of section
132 135.100, the amount of the taxpayer's new business facility investment in such facility shall be
133 reduced by the average amount, computed as provided in subdivision (7) of section 135.100 for
134 new business facility investment, of the investment of the taxpayer, or related taxpayer

135 immediately preceding such expansion or replacement or at the time of acquisition.
136 Furthermore, the amount of the taxpayer's new business facility investment shall also be reduced
137 by the amount of investment employed by the taxpayer or related taxpayer which was
138 subsequently transferred to the new business facility from another Missouri facility and for which
139 credits authorized in this section are not being earned, whether such credits are earned because
140 of an expansion, acquisition, relocation or the establishment of a new facility.

141 6. If a facility, which does not constitute a new business facility, is expanded by the
142 taxpayer, the expansion shall be considered a separate facility eligible for the credit allowed by
143 this section if:

144 (1) The taxpayer's new business facility investment in the expansion during the tax
145 period in which the credits allowed in this section are claimed exceeds one hundred thousand
146 dollars, or, if less, one hundred percent of the investment in the original facility prior to
147 expansion and if the number of new business facility employees engaged or maintained in
148 employment at the expansion facility for the taxable year for which credit is claimed equals or
149 exceeds two, except that the number of new business facility employees engaged or maintained
150 in employment at the expansion facility for the taxable year for which the credit is claimed
151 equals or exceeds twenty-five if an office as defined in subdivision (8) of section 135.100 is
152 established by a revenue-producing enterprise other than a revenue-producing enterprise defined
153 in paragraphs (a) to (g) and (i) to (l) of subdivision (11) of section 135.100 and the total number
154 of employees at the facility after the expansion is at least two greater than the total number of
155 employees before the expansion, except that the total number of employees at the facility after
156 the expansion is at least greater than the number of employees before the expansion by
157 twenty-five, if an office as defined in subdivision (8) of section 135.100 is established by a
158 revenue-producing enterprise other than a revenue-producing enterprise defined in paragraphs
159 (a) to (g) and (i) to (l) of subdivision (11) of section 135.100; and

160 (2) The expansion otherwise constitutes a new business facility. The taxpayer's
161 investment in the expansion and in the original facility prior to expansion shall be determined
162 in the manner provided in subdivision (7) of section 135.100.

163 7. No credit shall be allowed pursuant to this section to a public utility, as such term is
164 defined in section 386.020, RSMo. Notwithstanding any provision of this subsection to the
165 contrary, motor carriers, barge lines or railroads engaged in transporting property for hire, or any
166 interexchange telecommunications company or local exchange telecommunications company
167 that establishes a new business facility shall be eligible to qualify for credits allowed in this
168 section.

169 8. For the purposes of the credit described in this section, in the case of a corporation
170 described in section 143.471, RSMo, or partnership, in computing Missouri's tax liability, this

171 credit shall be allowed to the following:

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

173 (2) The partners of the partnership.

174

175 This credit shall be apportioned to the entities described in subdivisions (1) and (2) of this
176 subsection in proportion to their share of ownership on the last day of the taxpayer's tax period.

177 9. Notwithstanding any provision of law to the contrary, any employee-owned
178 engineering firm classified as SIC 8711, architectural firm as classified SIC 8712, or accounting
179 firm classified SIC 8721 establishing a new business facility because it qualifies as a
180 headquarters as defined in subsection 10 of this section, shall be allowed the credits described
181 in subsection 11 of this section under the same terms and conditions prescribed in sections
182 135.100 to 135.150; provided:

183 (1) Such facility maintains an average of at least five hundred new business facility
184 employees as defined in subdivision (5) of section 135.100 during the taxpayer's tax period in
185 which such credits are being claimed; and

186 (2) Such facility maintains an average of at least twenty million dollars in new business
187 facility investment as defined in subdivision (7) of section 135.100 during the taxpayer's tax
188 period in which such credits are being claimed.

189 10. For the purpose of the credits allowed in subsection 9 of this section:

190 (1) "Employee-owned" means the business employees own directly or indirectly,
191 including through an employee stock ownership plan or trust at least:

192 (a) Seventy-five percent of the total business stock, if the taxpayer is a corporation
193 described in section 143.441, RSMo; or

194 (b) One hundred percent of the interest in the business if the taxpayer is a corporation
195 described in section 143.471, RSMo, a partnership, or a limited liability company; and

196 (2) "Headquarters" means:

197 (a) The administrative management of at least three integrated facilities operated by the
198 taxpayer or related taxpayer; and

199 (b) The taxpayer's business has been headquartered in this state for more than fifty years.

200 11. The tax credits allowed in subsection 9 of this section shall be the greater of:

201 (1) Four hundred dollars for each new business facility employee as computed in
202 subsection 4 of this section and four percent of new business facility investment as computed in
203 subsection 5 of this section; or

204 (2) Five hundred dollars for each new business facility employee as computed in
205 subsection 4 of this section, and five hundred dollars of each one hundred thousand dollars of
206 new business facility investment as computed in subsection 5 of this section.

207 12. For the purpose of the credit described in subsection 9 of this section, in the case of
208 a small corporation described in section 143.471, RSMo, or a partnership, or a limited liability
209 company, the credits allowed in subsection 9 of this section shall be apportioned in proportion
210 to the share of ownership of each shareholder, partner or stockholder on the last day of the
211 taxpayer's tax period for which such credits are being claimed.

212 13. For the purpose of the credit described in subsection 9 of this section, tax credits
213 earned, to the extent such credits exceed the taxpayer's Missouri tax on taxable business income,
214 shall constitute an overpayment of taxes and in such case, be refunded to the taxpayer provided
215 such refunds are used by the taxpayer to purchase specified facility items. For the purpose of the
216 refund as authorized in this subsection, "specified facility items" means equipment, computers,
217 computer software, copiers, tenant finishing, furniture and fixtures installed and in use at the new
218 business facility during the taxpayer's taxable year. The taxpayer shall perfect such refund by
219 attesting in writing to the director, subject to the penalties of perjury, the requirements prescribed
220 in this subsection have been met and submitting any other information the director may require.

221 14. Notwithstanding any provision of law to the contrary, any taxpayer may sell, assign,
222 exchange, convey or otherwise transfer tax credits allowed in subsection 9 of this section under
223 the terms and conditions prescribed in subdivisions (1) and (2) of this subsection. Such taxpayer,
224 referred to as the assignor for the purpose of this subsection, may sell, assign, exchange or
225 otherwise transfer earned tax credits:

226 (1) For no less than seventy-five percent of the par value of such credits; and

227 (2) In an amount not to exceed one hundred percent of such earned credits. The taxpayer
228 acquiring the earned credits referred to as the assignee for the purpose of this subsection may use
229 the acquired credits to offset up to one hundred percent of the tax liabilities otherwise imposed
230 by chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.261,
231 RSMo, or chapter 148, RSMo, or in the case of an insurance company exempt from the thirty
232 percent employee requirement of section 135.230, against any obligation imposed pursuant to
233 section 375.916, RSMo. Unused credits in the hands of the assignee may be carried forward for
234 up to five tax periods, provided all such credits shall be claimed within ten tax periods following
235 the tax period in which commencement of commercial operations occurred at the new business
236 facility. The assignor shall enter into a written agreement with the assignee establishing the
237 terms and conditions of the agreement and shall perfect such transfer by notifying the director
238 in writing within thirty calendar days following the effective date of the transfer and shall
239 provide any information as may be required by the director to administer and carry out the
240 provisions of this subsection. Notwithstanding any other provision of law to the contrary, the
241 amount received by the assignor of such tax credit shall be taxable as income of the assignor, and
242 the difference between the amount paid by the assignee and the par value of the credits shall be

243 taxable as income of the assignee.

244 **15. For all tax years beginning on or after January 1, 2005, no tax credits for any**
245 **economic development project located in any distressed community as defined in section**
246 **135.530, shall be awarded or issued pursuant to sections 135.100 to 135.150.**

135.403. 1. Any investor who makes a qualified investment in a Missouri small business
2 shall be entitled to receive a tax credit equal to forty percent of the amount of the investment or,
3 in the case of a qualified investment in a Missouri small business in a distressed community as
4 defined by section 135.530, a credit equal to sixty percent of the amount of the investment, and
5 any investor who makes a qualified investment in a community bank or a community
6 development corporation shall be entitled to receive a tax credit equal to fifty percent of the
7 amount of the investment if the investment is made in a community bank or community
8 development corporation for direct investment. The total amount of tax credits available for
9 qualified investments in Missouri small businesses shall not exceed thirteen million dollars and
10 at least four million dollars of the amount authorized by this section and certified by the
11 department of economic development shall be for investment in Missouri small businesses in
12 distressed communities. Authorization for all or any part of this four- million-dollar amount
13 shall in no way restrict the eligibility of Missouri small businesses in distressed communities,
14 as defined in section 135.530, for the remaining amounts authorized within this section. No
15 more than twenty percent of the tax credits available each year for investments in community
16 banks or community development corporations for direct investment shall be certified for any
17 one project, as defined in section 135.400. The tax credit shall be evidenced by a tax credit
18 certificate in accordance with the provisions of sections 135.400 to 135.430 and may be used to
19 satisfy the state tax liability of the owner of the certificate that becomes due in the tax year in
20 which the qualified investment is made, or in any of the ten tax years thereafter. When the
21 qualified small business is in a distressed community, as defined in section 135.530, the tax
22 credit may also be used to satisfy the state tax liability of the owner of the certificate that was due
23 during each of the previous three years in addition to the year in which the investment is made
24 and any of the ten years thereafter. No investor may receive a tax credit pursuant to sections
25 135.400 to 135.430 unless that person presents a tax credit certificate to the department of
26 revenue for payment of such state tax liability. The department of revenue shall grant tax credits
27 in the same order as established by subsection 1 of section 32.115, RSMo. Subject to the
28 provisions of sections 135.400 to 135.430, certificates of tax credit issued in accordance with
29 these sections may be transferred, sold or assigned by notarized endorsement thereof which
30 names the transferee.

31 2. Five hundred thousand dollars in tax credits shall be available annually from the total
32 amount of tax credits authorized by section 32.110, RSMo, and subdivision (4) of subsection 2

33 of section 32.115, RSMo, as a result of investments in community banks or community
34 development corporations. Aggregate investments eligible for tax credits in any one Missouri
35 small business shall not be more than one million dollars. Aggregate investments eligible for
36 tax credits in any one Missouri small business shall not be less than five thousand dollars as of
37 the date of issuance of the first tax credit certificate for investment in that business.

38 3. [This section and section 620.1039, RSMo, shall become effective January 1, 2001]
39 **For all tax years beginning on or after January 1, 2005, no tax credits or certificates for**
40 **any qualified investment in a Missouri small business located in any distressed community**
41 **as defined in section 135.530, shall be awarded or issued pursuant to sections 135.400 to**
42 **135.433.**

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

7 (2) For the purposes of this section, a "multiple unit condominium" is one that is
8 intended to be owner occupied, which is constructed on property subject to an industrial
9 development contract as defined in section 100.310, RSMo, and which lies within an area with
10 a city zoning classification of urban redevelopment district established after January 1, 2000, and
11 before December 31, 2001, and which is constructed in connection with the qualified
12 rehabilitation of a structure more than ninety years old eligible for the historic structures
13 rehabilitation tax credit described in sections 253.545 to 253.559, RSMo, and is under way by
14 January 1, 2000, and completed by January 1, 2002.

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

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

25 4. Any taxpayer who incurs eligible costs for substantial rehabilitation of a qualifying
26 residence shall receive a tax credit equal to thirty-five percent of such costs against his or her tax

27 liability. The minimum eligible costs for substantial rehabilitation of a qualifying residence shall
28 be ten thousand dollars. The tax credit shall not exceed seventy thousand dollars in any ten-year
29 period.

30 5. A taxpayer shall be eligible to receive tax credits for new construction or rehabilitation
31 pursuant to only one subsection of this section.

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

34 7. No tax credit shall be issued pursuant to sections 135.475 to 135.487 for the
35 construction or rehabilitation of rental property.

36 **8. For all tax years beginning on or after January 1, 2005, no tax credits or**
37 **certificates for any qualifying residence or any eligible costs incurred for a new residence**
38 **in any distressed community as defined in section 135.530, shall be approved, awarded, or**
39 **issued pursuant to sections 135.475 to 135.487.**

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

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

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

20 4. Except as provided in subsection 5 of this section, the aggregate amount of certified
21 capital for which earned and vested credits against state premium tax liability are allowed for all
22 persons pursuant to sections 135.500 to 135.529 shall not exceed the following amounts: for
23 calendar year 1996, \$0.00; for calendar year 1997, an amount which would entitle all Missouri

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

40 5. In addition to the maximum amount pursuant to subsection 4 of this section, the
41 aggregate amount of certified capital for which earned and vested credits against state premium
42 tax liability are allowed for persons pursuant to sections 135.500 to 135.529 shall be the
43 following: for calendar year 1999 and for any year thereafter, an amount to be determined by the
44 director which would entitle all Missouri certified capital company investors to take aggregate
45 credits not to exceed four million dollars for any year with the approval of the commissioner of
46 administration and reported to the general assembly as provided in subsection 2 of section
47 33.282, RSMo, provided that the amount so determined shall not impair the ability of an investor
48 with earned and vested credits which have been allowed in previous years or pursuant to the
49 provisions of subsection 4 of this section to take them, pursuant to subsection 1 of this section.
50 For purposes of any requirement regarding the schedule of qualified investments for certified
51 capital for which earned and vested credits against state premium tax liability are allowed
52 pursuant to this subsection only, the definition of a "qualified Missouri business" as set forth in
53 subdivision (14) of subsection 2 of section 135.500 means a Missouri business that is located in
54 a distressed community as defined in section 135.530, and meets all of the requirements of
55 subdivision (14) of subsection 2 of section 135.500. During any calendar year in which the
56 limitation described in this subsection limits the amount of additional certified capital for which
57 earned and vested credits against state premium tax liability are allowed, additional certified
58 capital for which credits are allowed shall be allocated in order of priority based upon the date
59 of filing of information described in subdivision (1) of subsection 5 of section 135.516 with

60 respect to such additional certified capital. The department shall make separate allocations of
61 certified capital for which credits are allowed under the limitations described in this subsection
62 and under the limitations described in subsection 4 of this section. No limitation applicable to
63 any certified capital company with respect to certified capital for which credits are allowed
64 pursuant to subsection 4 of this section shall limit the amount of certified capital for which
65 credits are allowed pursuant to this subsection. No limitation applicable to any certified capital
66 company with respect to certified capital for which credits are allowed pursuant to this
67 subsection shall limit the amount of certified capital for which credits are allowed pursuant to
68 subsection 4 of this section.

69 6. The department shall advise any Missouri certified capital company, in writing, within
70 fifteen days after receiving the filing described in subdivision (1) of subsection 5 of section
71 135.516 whether the limitations of subsection 3 of this section then in effect will be applicable
72 with respect to the investments and credits described in such filing with the department.

73 **7. For all tax years beginning on or after January 1, 2005, no tax credits or**
74 **certificates for certified capital investments in any Missouri business in any distressed**
75 **community as defined in section 135.530, shall be approved, awarded, or issued pursuant**
76 **to sections 135.500 to 135.529.**

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

20 to a company which commences operations within a distressed community. A taxpayer shall file
21 an application for certification of the tax credits for the first year in which credits are claimed and
22 for each of the two succeeding taxable years for which credits are claimed.

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

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

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

54 5. The tax credits allowed pursuant to subsections 1, 2 and 3 of this section shall be for
55 an amount of no more than ten million dollars for each year beginning in 1999. The total

56 maximum credit for all entities already located in distressed communities and claiming credits
57 pursuant to subsection 3 of this section shall be seven hundred and fifty thousand dollars. The
58 department of economic development in approving taxpayers for the credit as provided for in
59 subsection 4 of this section shall use information provided by the department of revenue
60 regarding taxes paid in the previous year, or projected taxes for those entities newly established
61 in the state, as the method of determining when this maximum will be reached and shall maintain
62 a record of the order of approval. Any tax credit not used in the period for which the credit was
63 approved may be carried over until the full credit has been allowed.

64 6. A Missouri employer relocating into a distressed community and having employees
65 covered by a collective bargaining agreement at the facility from which it is relocating shall not
66 be eligible for the credits in subsection 1 or 3 of this section, and its employees shall not be
67 eligible for the credit in subsection 2 of this section if the relocation violates or terminates a
68 collective bargaining agreement covering employees at the facility, unless the affected collective
69 bargaining unit concurs with the move.

70 7. Notwithstanding any provision of law to the contrary, no taxpayer shall earn the tax
71 credits allowed in this section and the tax credits otherwise allowed in section 135.110, or the
72 tax credits, exemptions, and refund otherwise allowed in sections 135.200, 135.220, 135.225 and
73 135.245, respectively, for the same business for the same tax period.

74 8. An existing business located within a distressed community, that hires new employees
75 within such distressed communities may be eligible for the tax credits provided in this section.
76 In order to be eligible for such tax credits, the business located within the distressed community,
77 during one of its tax years, must employ within such distressed communities at least twice as
78 many workers as were employed at the beginning of that tax year. Prior to the addition of the
79 new employees, the business shall have no more than one hundred employees. The provisions
80 of this section shall apply only to a business which is a manufacturing, biomedical, medical
81 devices, scientific research, animal research, computer software design or development,
82 computer programming, or telecommunications business or a professional firm.

83 **9. For all tax years beginning on or after January 1, 2005, no tax credits or**
84 **certificates for relocating any business in any distressed community as defined in section**
85 **135.530, shall be approved, awarded, or issued pursuant to this section.**

2 [135.535. 1. A corporation, limited liability corporation, partnership or sole
3 proprietorship, which moves its operations from outside Missouri or outside a
4 distressed community into a distressed community, or which commences operations
5 in a distressed community on or after January 1, 1999, and in either case has more
6 than seventy-five percent of its employees at the facility in the distressed community,
7 and which has fewer than one hundred employees for whom payroll taxes are paid,
and which is a manufacturing, biomedical, medical devices, scientific research,

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

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

36 3. A tax credit against income taxes owed pursuant to chapter 143, 147 or
37 148, RSMo, other than the taxes withheld pursuant to sections 143.191 to 143.265,
38 RSMo, in lieu of the credit against income taxes as provided in subsection 1 of this
39 section, may be taken by such an entity in a distressed community in an amount of
40 forty percent of the amount of funds expended for computer equipment and its
41 maintenance, medical laboratories and equipment, research laboratory equipment,
42 manufacturing equipment, fiber optic equipment, high speed telecommunications,
43 wiring or software development expense up to a maximum of seventy-five thousand
44 dollars in tax credits for such equipment or expense per year per entity and for each
45 of three years after commencement in or moving operations into a distressed
46 community.

47 4. A corporation, partnership or sole partnership, which has no more than one
48 hundred employees for whom payroll taxes are paid, which is already located in a
49 distressed community and which expends funds for such equipment pursuant to
50 subsection 3 of this section in an amount exceeding its average of the prior two years

for such equipment, shall be eligible to receive a tax credit against income taxes owed pursuant to chapters 143, 147 and 148, RSMo, in an amount equal to the lesser of seventy-five thousand dollars or twenty-five percent of the funds expended for such additional equipment per such entity. Tax credits allowed pursuant to this subsection or subsection 1 of this section may be carried back to any of the three prior tax years and carried forward to any of the five tax years.

5. An existing corporation, partnership or sole proprietorship that is located within a distressed community and that relocates employees from another facility outside of the distressed community to its facility within the distressed community, and an existing business located within a distressed community that hires new employees for that facility may both be eligible for the tax credits allowed by subsections 1 and 3 of this section. To be eligible for such tax credits, such a business, during one of its tax years, shall employ within a distressed community at least twice as many employees as were employed at the beginning of that tax year. A business hiring employees shall have no more than one hundred employees before the addition of the new employees. This subsection shall only apply to a business which is a manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming or telecommunications business, or a professional firm.

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

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

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

9. Notwithstanding any provision of law to the contrary, no taxpayer shall

94 earn the tax credits allowed in this section and the tax credits otherwise allowed in
95 section 135.110, or the tax credits, exemptions, and refund otherwise allowed in
96 sections 135.200, 135.220, 135.225 and 135.245, respectively, for the same business
97 for the same tax period.]

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

17 **2. For all tax years beginning on or after January 1, 2005, no tax credits or**
18 **certificates for any qualified investment in transportation development in any distressed**
19 **community as defined in section 135.530, shall be approved, awarded, or issued pursuant**
20 **to this section.**

348.302. 1. Any person who makes a qualified contribution to a qualified fund shall be
2 entitled to receive a tax credit equal to fifty percent of the amount of the qualified contribution.
3 The tax credit shall be evidenced by a tax credit certificate in accordance with the provisions of
4 sections 348.300 to 348.318 and may be used to satisfy the state tax liability of the owner of such
5 certificate that becomes due in the tax year in which the qualified contribution is made, or in any
6 of the ten tax years thereafter. No person may receive a tax credit pursuant to sections 348.300
7 to 348.318 unless that person presents a tax credit certificate to the department of revenue for
8 payment of such state tax liability.

9 2. The amount of such qualified contributions which can be made is limited so that the
10 aggregate of all tax credits authorized under the provisions of sections 348.300 to 348.318 shall
11 not exceed nine million dollars. All tax credits authorized under the provisions of this section
12 may be transferred, sold or assigned.

13 **3. For all tax years beginning on or after January 1, 2005, no tax credits or**

14 **certificates for any qualified contributions shall be approved, awarded, or issued pursuant**
15 **to sections 348.300 to 348.318.**

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

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

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

22 **4. For all tax years beginning on or after January 1, 2005, no tax credits or**
23 **certificates for any costs of training shall be approved, awarded, or issued pursuant to**
24 **sections 620.1400 to 620.1460.**