

FIRST REGULAR SESSION

HOUSE BILL NO. 991

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES JETTON (Sponsor), BEARDEN, DEMPSEY, NIEVES, ST. ONGE, MUSCHANY, PORTWOOD, SCHARNHORST, ICET, STEVENSON, MAY, ONDER, MOORE, RICHARD, BIVINS, PEARCE, HOBBS, STREAM, HOSKINS, HUBBARD, EL-AMIN, GRILL, PAGE, ZIMMERMAN, KRATKY, WRIGHT-JONES, CORCORAN, SPRENG, JOHNSON, CUNNINGHAM (86), LeVOTA, RUCKER, STORCH, LEMBKE, YOUNG, MEINERS AND VILLA (Co-sponsors).

Read 1st time February 26, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

2472L.011

AN ACT

To amend chapter 99, RSMo, by adding thereto one new section relating to the distressed areas land assemblage tax credit act.

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

Section A. Chapter 99, RSMo, is amended by adding thereto one new section, to be known as section 99.1200, to read as follows:

99.1200. 1. This section shall be known and may be cited as the "Distressed Areas Land Assemblage Tax Credit Act".

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

(1) "Acquisition costs", all costs and expenses incurred in the acquisition of an eligible parcel. Acquisition costs include, but are not limited to, the purchase price for the eligible parcel, costs for title insurance and survey, attorney's fees, costs of environmental assessments, closing costs, real estate brokerage fees, demolition costs of vacant structures, relocation costs, and maintenance costs incurred to maintain an acquired eligible parcel for a period of five years after the acquisition of such eligible parcel;

(2) "Applicant", any person, firm, partnership, trust, estate, limited liability company, or corporation which has:

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

12 (a) Incurred, within an eligible project area, acquisition costs for the acquisition
13 of land sufficient to satisfy the requirements under subdivision (8) of subsection 2 of this
14 section; and

15 (b) Been appointed or selected by a municipal authority as a redeveloper or similar
16 designation under an economic incentive act to redevelop an urban renewal area or a
17 redevelopment area that includes all of an eligible project area or whose redevelopment
18 plan or redevelopment area, which encompasses all of an eligible project area, has been
19 approved or adopted under an economic incentive act;

20 (3) "Certificate", a tax credit certificate issued under this section;

21 (4) "Condemnation proceedings", any action taken by or on behalf of an applicant
22 to initiate an action in a court of competent jurisdiction to use the power of eminent
23 domain to acquire a parcel within the eligible project area. Condemnation proceedings
24 shall include any and all actions taken after the submission of a notice of intended
25 acquisition to an owner of a parcel within the eligible project area by a municipal authority
26 or any other person or entity under section 523.250, RSMo;

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

28 (6) "Economic incentive acts", any provision of Missouri law pursuant to which
29 economic incentives are provided to redevelopers of a parcel or parcels to redevelop the
30 land, such as tax abatement or payments in lieu of taxes, or redevelopment plans or
31 redevelopment projects approved or adopted which include the use of economic incentives
32 to redevelop the land. Economic incentive acts include, but are not limited to, the Land
33 Clearance for Redevelopment Authority Law, the Real Property Tax Increment Allocation
34 Redevelopment Act, the Missouri Downtown and Rural Economic Stimulus Act, and the
35 Downtown Revitalization Preservation Program;

36 (7) "Eligible parcel", a parcel which is located within an eligible project area and
37 which has been acquired prior to the commencement of any condemnation proceedings
38 within the eligible project area brought by or on behalf of the applicant. Any parcel
39 acquired by the applicant from a municipal authority shall not constitute an eligible
40 parcel;

41 (8) "Eligible project area", an area which shall have satisfied the following
42 requirements:

43 (a) The eligible project area shall consist of at least thirty acres for towns, villages,
44 and cities with populations of seventy-five thousand or less and seventy-five acres for all
45 other cities and counties and may include parcels within its boundaries that do not
46 constitute eligible parcels;

47 (b) At least eighty percent of the eligible project area shall be located within a
48 Missouri qualified census tract area as designated by the United States Department of
49 Housing and Urban Development under 26 U.S.C. Section 42;

50 (c) The eligible parcels acquired by the applicant within an eligible project area
51 shall total at least twenty acres for towns, villages, and cities with populations of seventy-
52 five thousand or less and fifty acres for all other cities and counties, which may consist of
53 contiguous or noncontiguous parcels;

54 (d) With respect to an eligible project area located within a city, town, or village,
55 the average number of parcels per acre in an eligible project area shall be at least two and
56 one-half for towns, villages, and cities with populations of seventy-five thousand or less and
57 four for all other cities; and

58 (e) Less than five percent of the acreage within the boundaries of the eligible
59 project area shall consist of owner-occupied residences which the applicant has identified
60 for acquisition under the urban renewal plan or the redevelopment plan pursuant to which
61 the applicant was appointed or selected as the redeveloper or by which the person or entity
62 was qualified as an applicant under this section on the date of the approval or adoption of
63 such plan;

64 With respect to proposed project areas located within a city, town, or village, with a
65 population equal to or less than fifty thousand inhabitants, the requirements for an eligible
66 project area may be modified or waived as deemed necessary and reasonable by the
67 department based upon information provided in the application required under this
68 section;

69 (9) "Interest costs", all costs and expenses of an applicant for loans incurred by
70 such applicant to finance the acquisition of an eligible parcel. Interest costs include, but
71 are not limited to, interest, loan fees, closing costs, and attorneys' fees;

72 (10) "Municipal authority", any city, town, village, county, public body corporate
73 and politic, political subdivision, or land trust of this state established and authorized to
74 own land within the state; and

75 (11) "Parcel", a single lot or tract of land, and the improvements thereon, owned
76 by, or recorded as the property of, one or more persons or entities.

77 3. Any applicant shall be entitled to a credit against the taxes imposed under
78 chapters 143, 147, and 148, RSMo, except for sections 143.191 to 143.265, RSMo, in an
79 amount equal to fifty percent of the acquisition costs, and one hundred percent of the
80 interest costs incurred for a period of five years after the acquisition of an eligible parcel.
81 No tax credits shall be issued under this section until after January 1, 2008.

82 **4. If the amount of such credit exceeds the total tax liability for the year in which**
83 **the applicant is entitled to receive a credit, the amount that exceeds the state tax liability**
84 **may be carried forward for credit against the taxes imposed under chapters 143, 147, and**
85 **148, RSMo, for the succeeding six years, or until the full credit is used, whichever occurs**
86 **first. The applicant shall not be entitled to a credit for taxes imposed under sections**
87 **143.191 to 143.265, RSMo. Applicants entitled to receive such tax credits may transfer,**
88 **sell, or assign the credits. Credits granted to a partnership, a limited liability company**
89 **taxed as a partnership, or multiple owners of property shall be passed through to the**
90 **partners, members, or owners respectively pro rata or pursuant to an executed agreement**
91 **among the partners, members, or owners documenting an alternate distribution method.**

92 **5. A purchaser, transferee, or assignee of the tax credits may use acquired credits**
93 **to offset up to one hundred percent of the tax liabilities otherwise imposed under chapters**
94 **143, 147, and 148, RSMo, except for sections 143.191 to 143.265, RSMo. A seller,**
95 **transferor, or assignor shall perfect such transfer by notifying the department in writing**
96 **within thirty calendar days following the effective date of the transfer and shall provide**
97 **any information as may be required by the department to administer and to carry out the**
98 **provisions of this section.**

99 **6. To claim credits authorized under this section, an applicant shall submit to the**
100 **department an application for a certificate. An applicant shall identify the boundaries of**
101 **the eligible project area in the application. The department shall verify that the applicant**
102 **has submitted a valid application in the form and format required by the department. On**
103 **an annual basis, an applicant may file for the credit for the acquisition costs, and for the**
104 **credit for the interest costs, subject to the limitations of this section. If an applicant**
105 **applying for the tax credit meets the criteria required under this section, the department**
106 **shall issue a certificate in the appropriate amount.**

107 **7. The total aggregate amount of tax credits to be issued under this section shall not**
108 **exceed one hundred million dollars. At no time shall the annual amount of the tax credits**
109 **issued under this section exceed twelve million dollars. If the tax credits that are to be**
110 **issued under this section exceed, in any year, the twelve million dollar limitation, the**
111 **department shall either:**

112 **(1) Issue tax credits to the applicant in the amount of twelve million dollars, if there**
113 **is only one applicant entitled to receive tax credits in that year; or**

114 **(2) Issue the tax credits on a pro rata basis to all applicants entitled to receive tax**
115 **credits in that year. Any amount of tax credits, which an applicant is, or applicants are,**
116 **entitled to receive on an annual basis and are not issued due to the twelve million dollar**

117 limitation, shall be carried forward for the benefit of the applicant or applicants to
118 subsequent years.

119 8. The department may promulgate rules to implement the provisions of this
120 section. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo,
121 that is created under the authority delegated in this section shall become effective only if
122 it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if
123 applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable
124 and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo,
125 to review, to delay the effective date, or to disapprove and annul a rule are subsequently
126 held unconstitutional, then the grant of rulemaking authority and any rule proposed or
127 adopted after August 28, 2007, shall be invalid and void.

128 9. Under section 23.253, RSMo, of the Missouri sunset act:

129 (1) The provisions of the new program authorized under this section shall
130 automatically sunset six years after August 28, 2007, unless reauthorized by an act of the
131 general assembly;

132 (2) If such program is reauthorized, the program authorized under this section
133 shall automatically sunset six years after the effective date of the reauthorization of this
134 section; and

135 (3) This section shall terminate on September first of the calendar year immediately
136 following the calendar year in which the program authorized under this section is sunset.

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