

SECOND REGULAR SESSION

HOUSE BILL NO. 1345

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES PORTWOOD (Sponsor), ZIMMERMAN, THRELKELD, BAKER (25), HARRIS (23), BRUNS, CUNNINGHAM (86) AND MEINERS (Co-sponsors).

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D. ADAM CRUMBLISS, Chief Clerk

3304L.01I

AN ACT

To repeal section 135.535, RSMo, and to enact in lieu thereof one new section relating to a tax credit for disability home remodeling.

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

Section A. Section 135.535, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 135.535, to read as follows:

135.535. 1. A corporation, limited liability corporation, partnership or sole proprietorship, which moves its operations from outside Missouri or outside a distressed community into a distressed community, or which commences operations in a distressed community on or after January 1, 1999, and in either case has more than seventy-five percent of its employees at the facility in the distressed community, and which has fewer than one hundred employees for whom payroll taxes are paid, and which is a manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming, including Internet, web hosting, and other information technology, wireless or wired or other telecommunications or a professional firm shall receive a forty percent credit against income taxes owed pursuant to chapter 143, 147 or 148, RSMo, other than taxes withheld pursuant to sections 143.191 to 143.265, RSMo, for each of the three years after such move, if approved by the department of economic development, which shall issue a certificate of eligibility if the department determines that the taxpayer is eligible for such credit. The maximum amount of credits per taxpayer set forth in this subsection shall not exceed one

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.

15 hundred twenty-five thousand dollars for each of the three years for which the credit is claimed.
16 The department of economic development, by means of rule or regulation promulgated pursuant
17 to the provisions of chapter 536, RSMo, shall assign appropriate North American Industry
18 Classification System numbers to the companies which are eligible for the tax credits provided
19 for in this section. Such three-year credits shall be awarded only one time to any company which
20 moves its operations from outside of Missouri or outside of a distressed community into a
21 distressed community or to a company which commences operations within a distressed
22 community. A taxpayer shall file an application for certification of the tax credits for the first
23 year in which credits are claimed and for each of the two succeeding taxable years for which
24 credits are claimed.

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

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

43 4. A corporation, partnership or sole partnership, which has no more than one hundred
44 employees for whom payroll taxes are paid, which is already located in a distressed community
45 and which expends funds for such equipment pursuant to subsection 3 of this section in an
46 amount exceeding its average of the prior two years for such equipment, shall be eligible to
47 receive a tax credit against income taxes owed pursuant to chapters 143, 147 and 148, RSMo,
48 in an amount equal to the lesser of seventy-five thousand dollars or twenty-five percent of the
49 funds expended for such additional equipment per such entity. Tax credits allowed pursuant to

50 this subsection or subsection 1 of this section may be carried back to any of the three prior tax
51 years and carried forward to any of the five **subsequent** tax years.

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

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

67 7. The tax credits allowed pursuant to subsections 1, 2, 3, 4 and 5 of this section shall
68 be for an amount of no more than ten million dollars for each year beginning in 1999. To the
69 extent there are available tax credits remaining under the ten million dollar cap provided in this
70 section, up to one [hundred thousand] **million** dollars in the remaining credits shall first be used
71 for tax credits authorized under section 135.562. The total maximum credit for all entities
72 already located in distressed communities and claiming credits pursuant to subsection 4 of this
73 section shall be seven hundred and fifty thousand dollars. The department of economic
74 development in approving taxpayers for the credit as provided for in subsection 6 of this section
75 shall use information provided by the department of revenue regarding taxes paid in the previous
76 year, or projected taxes for those entities newly established in the state, as the method of
77 determining when this maximum will be reached and shall maintain a record of the order of
78 approval. Any tax credit not used in the period for which the credit was approved may be carried
79 over until the full credit has been allowed.

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

86 9. Notwithstanding any provision of law to the contrary, no taxpayer shall earn the tax
87 credits allowed in this section and the tax credits otherwise allowed in section 135.110, or the
88 tax credits, exemptions, and refund otherwise allowed in sections 135.200, 135.220, 135.225 and
89 135.245, respectively, for the same business for the same tax period.

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