

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 2328
94TH GENERAL ASSEMBLY

Reported from the Committee on Conservation and Natural Resources March 26, 2008 with recommendation that House Committee Substitute for House Bill No. 2328 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(21)(f).

D. ADAM CRUMBLISS, Chief Clerk

5351L.05C

AN ACT

To amend chapters 135 and 144, RSMo, by adding thereto two new sections relating to tax incentives.

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

Section A. Chapters 135 and 144, RSMo, are amended by adding thereto two new sections, to be known as sections 135.1200 and 144.058, to read as follows:

- 135.1200. 1. There is hereby created a "Regional Economic Development Initiative" to promote individual and business investments in economic development within the individual's or business' region through contributions to support regional economic development organizations' initiatives.**
- 2. As used in this section, the following words and phrases shall mean:**
- (1) "Department", the department of economic development;**
- (2) "Regional economic development organization", any legally formed and locally recognized nonprofit organization representing multiple cities or counties with the goal of promoting economic growth for its respective areas;**
- (3) "Tax credit", a credit against the tax otherwise due under chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, or otherwise due under chapter 147, 148, or 153, RSMo;**

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.

13 (4) "Taxpayer", any individual or entity subject to the tax imposed in chapter 143,
14 RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, or the
15 tax imposed in chapter 147, 148, or 153, RSMo.

16 3. A regional economic development organization may submit an application for
17 authorization for tax credits to the department. The application shall identify the proposed
18 use of such credit and the areas of emphasis for the use of such credits. Funds shall be
19 used in a manner which furthers the economic growth of the region consistent with the
20 goals and written plans of the regional economic development organization. Eligible
21 activities shall include but not be limited to the following:

22 (1) Public infrastructure and related activities which include but are not limited to
23 the acquisition of land, water, sewer, streets, and buildings;

24 (2) Revolving loan programs; or

25 (3) Job training programs.

26 4. Applications shall include the following:

27 (1) A resolution passed by the regional economic development organization's board
28 approving the economic growth project;

29 (2) The method by which the regional economic development organization will
30 measure success of the initiative;

31 (3) The proposed fund-raising period;

32 (4) The proposed project period; and

33 (5) The amount of tax credit authorization sought.

34 5. In approving applications, the department shall consider:

35 (1) The number of persons, families, or businesses which would benefit from the
36 proposed project;

37 (2) The extent that additional public or private funds will be leveraged; and

38 (3) The potential impact of the project on existing businesses.

39 6. No application shall be authorized for an amount more than five hundred
40 thousand dollars in tax credits. No more than fifty thousand per year and one hundred
41 fifty thousand total shall be used to support the operation of the regional economic
42 development organization, including but not limited to salaries, marketing, operating
43 expenses, and equipment.

44 7. The regional economic development organization shall provide the department
45 with documentation of funds raised and expended under this section. Such organization
46 shall submit quarterly reports detailing funds expended and the progress of the project.
47 Within six months of the end of the project period, the regional economic development
48 organization shall report the results and economic success and submit an audit.

49 **8. If at the conclusion of the project period the funds raised have not been expended**
50 **consistent with the approved application or the project has not been completed, an amount**
51 **corresponding to the respective tax credits issued shall be repaid. Repayment may be in**
52 **the form of cash paid directly to the department by the applicant or the voluntary**
53 **relinquishment of the tax credits.**

54 **9. For all taxable years beginning on or after December 31, 2008, any taxpayer shall**
55 **be entitled to a tax credit against any tax otherwise due under the provisions of chapter**
56 **143, 147, 148, or 153, RSMo, excluding withholding tax imposed by sections 143.191 to**
57 **143.265, RSMo, in the amount of fifty percent of any amount contributed by the taxpayer**
58 **to a regional economic development organization if the regional economic development**
59 **organization's plan has been accepted and approved by the department. The contributions**
60 **shall be made within the fund-raising period approved by the department.**

61 **10. The tax credit may be carried forward for up to five years, and the taxpayer**
62 **may sell, assign, or otherwise transfer the tax credits.**

63 **11. The aggregate of all tax credits authorized under this section shall not exceed**
64 **one million dollars in any year or three million dollars cumulatively.**

65 **12. The department and the department of revenue may promulgate rules to**
66 **implement the provisions of this section. Any rule or portion of a rule, as that term is**
67 **defined in section 536.010, RSMo, that is created under the authority delegated in this**
68 **section shall become effective only if it complies with and is subject to all of the provisions**
69 **of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter**
70 **536, RSMo, are nonseverable and if any of the powers vested with the general assembly**
71 **pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and**
72 **annul a rule are subsequently held unconstitutional, then the grant of rulemaking**
73 **authority and any rule proposed or adopted after August 28, 2008, shall be invalid and**
74 **void.**

75 **13. Under section 23.253, RSMo, of the Missouri Sunset Act:**

76 **(1) The provisions of the new program authorized under this section shall**
77 **automatically sunset three years after the effective date of this section unless reauthorized**
78 **by an act of the general assembly; and**

79 **(2) If such program is reauthorized, the program authorized under this section**
80 **shall automatically sunset twelve years after the effective date of the reauthorization of this**
81 **section; and**

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

144.058. In addition to the exemptions granted under this chapter, there shall also
2 be specifically exempted from state and local sales and use taxes defined, levied, or
3 calculated under section 32.085, RSMo, sections 144.010 to 144.525, sections 144.600 to
4 144.761, or section 238.235, RSMo, all electrical energy, gas whether natural, artificial or
5 propane, water, and other utilities including telecommunication services, and machinery
6 and equipment which is used or consumed in a business facility located in a portion of an
7 underground mine that contains at least one million square feet of space that may be used
8 for such business facility.

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