

SECOND REGULAR SESSION

[PERFECTED]

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).

Reported from the Committee on Rules March 27, 2008 with recommendation that House Committee Substitute for House Bill No. 2328 Do Pass with no time limit for debate.

Taken up for Perfection April 8, 2008. House Committee Substitute for House Bill No. 2328 ordered Perfected and printed, as amended.

D. ADAM CRUMBLISS, Chief Clerk

5351L.05P

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;

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.

10 (3) "Tax credit", a credit against the tax otherwise due under chapter 143, RSMo,
11 excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, or otherwise due
12 under chapter 147, 148, or 153, RSMo;

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 and provided such business facility is operated by a qualified**
9 **company that is engaged, or has been engaged, in a high impact project, technology**
10 **business project, or small and expanding business project as defined in section 620.1878,**
11 **RSMo, at the business facility. The exemption authorized in this section shall not**
12 **terminate after all benefits due the qualified company under the Missouri Quality Jobs Act**
13 **have been received by the qualified company.**

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