

SS SCS HCS HB 2058 -- TAX INCENTIVES FOR BUSINESS DEVELOPMENT

This bill changes the laws regarding tax incentives for business development.

VARIOUS TAX CREDIT PROGRAMS

The bill:

(1) Increases the annual cap on the amount of tax credits the Department of Economic Development may authorize for the Enhanced Enterprise Zone Program from \$14 million to \$24 million;

(2) Increases the fiscal year cap for economic development tax credits that are approved as part of the Neighborhood Assistance Program from \$4 million to \$6 million;

(3) Specifies that all demolition activities are part of remediation and allows remediation tax credits to include up to 100% of demolition costs that are not directly part of the remediation but which are necessary to accomplish the planned use of the facility. Demolition may occur on adjacent property that independently qualifies as abandoned or underutilized and is located in a municipality with fewer than 20,000 residents. Currently, some demolition activities associated with brownfield redevelopment are separate from remediation activities;

(4) Prohibits a taxpayer who receives tax credits for a new or expanded business facility from simultaneously receiving Quality Jobs tax credits under Sections 620.1875 - 620.1890, RSMo, at the same facility;

(5) Prohibits the authorization of new tax credits for Missouri wood energy producers after June 30, 2013;

(6) Extends the expiration date on the New Generation Cooperative Incentive Tax Credit Program and the Agricultural Product Utilization Contributor Tax Credit Program from December 31, 2010, to December 31, 2016;

(7) Allows a corporation, firm, partnership, trust, association, or other entity to receive state-authorized tax credits, abatelements, exemptions, or loans even if a conflict of interest exists due to a relationship of any degree or affinity to any statewide elected official or member of the General Assembly, when the related person holds an equity interest of less than 2% in the entity that will receive the state benefit;

(8) Deems a taxpayer eligible for any state tax credit program even if a conflict of interest exists due to a relationship of

any degree or affinity to any statewide elected official or member of the General Assembly, when the related person holds an equity interest of less than 2% in the taxpayer;

(9) Requires every state agency charged with administering a tax credit program to make public the name of each tax credit recipient and the amount of tax credits issued to each recipient; and

(10) Requires any tax credit program applicant who purposely and directly employs unauthorized aliens to forfeit any tax credits issued but not redeemed and to repay all tax credits that have been redeemed during the time the unauthorized alien was employed by the applicant.

QUALITY JOBS PROGRAM

The bill:

(1) Increases the annual cap on the amount of tax credits that can be issued for the Quality Jobs Program from \$40 million to \$60 million;

(2) Allows tax credits to be issued for job retention projects until August 30, 2013. Tax credits for this project type were only authorized through August 30, 2007;

(3) Allows a project facility to include separate buildings within the same county. Currently, they must be located within one mile of each other; and

(4) Allows a company that leases or owns facilities that produce electricity derived from qualified renewable energy sources, or which produce fuel for the generation of electricity from qualified renewable energy sources, to participate in the program as a technology business project if it meets the other requirements of the program. Qualified renewable energy sources include open-looped biomass, close-looped biomass, solar, wind, geothermal, and hydropower but not ethanol distillation or production or biodiesel production.

COMMUNITY IMPROVEMENT DISTRICTS

The bill:

(1) Allows community improvement districts (CID) to exist in special business districts within the City of St. Louis. Currently, any CID in St. Louis that is also in a special business district cannot levy a CID sales tax unless special assessments imposed on real property or businesses within the

special business district are repealed; and

(2) Excludes sales by public utilities and providers of communications, cable, or video services from the CID sales tax.

TAX INCREMENT FINANCING

The bill:

(1) Specifies the terms served by members of tax increment financing (TIF) commissions in the counties of Jefferson, St. Charles, and St. Louis; and

(2) Specifies the requirements for public hearings related to TIF projects in the counties of Jefferson, St. Charles, and St. Louis.

TAX POLICY AND TAXATION

The bill:

(1) Authorizes the department to issue letter rulings regarding the New Markets Tax Credit Program. The letter rulings are binding in a court of law and must be issued within 60 days of a request. The department can refuse to issue the letter ruling for good cause, but must explain the reason for refusal. Letter rulings are closed to the public; however, information can be released as long as anything which would identify the applicant or is otherwise protected is redacted;

(2) Establishes in statute an exemption from state and local sales and use tax on all tangible personal property included on the United States munitions list that is sold to or purchased by a foreign government for a governmental purpose. Currently, this exemption is granted by the Department of Revenue through a letter ruling;

(3) Specifies that the true value in money for assessment purposes of any possessory interest in real property located on or within the ultimate airport boundary shown by a federal airport layout plan of a commercial airport owned by a political subdivision will be the true value in money of the possessory interest in the real property less the total costs paid toward any new construction or improvements completed on the property after January 1, 2008, if included in the possessory interest, unless paid by the political subdivision, regardless of the year the costs were incurred;

(4) Prohibits earnings limitations from being imposed on any purchaser that is not an urban redevelopment corporation or life

insurance company operating as an urban redevelopment corporation as a condition of receiving partial tax relief provided in Section 353.110, RSMo;

(5) Allows information regarding state tax credits claimed by a member of the General Assembly or any statewide elected public official to be disclosed to the public; and

(6) Requires members of the General Assembly and statewide elected public officials to disclose on financial interest statements whether they, their spouses, or dependent children claimed any state tax credits on their most recent state income tax return.

ENTREPRENEURIAL DEVELOPMENT COUNCIL

The bill establishes the Entrepreneurial Development Council within the Department of Economic Development consisting of seven members from Missouri businesses and licensed attorneys specializing in intellectual property law. All members will be appointed by the Governor with the advice and consent of the Senate. The department will establish the terms of membership, which will be permanent and apply to all subsequent members.

The council will provide benefits to entrepreneurs who register with it. The council may impose a registration fee, as provided by department rule, for Missouri entrepreneurs who wish to avail themselves of the council's benefits.

The Entrepreneurial Development and Intellectual Property Right Protection Fund is created to accept state and federal appropriations, grants, bequests, gifts, fees, and awards to be used by the council.

The council will evaluate allegations of intellectual property rights infringement and may, based on need, award grants or financial assistance to subsidize legal expenses incurred in instituting the legal action necessary to remedy the alleged infringement. The council may allocate money from the fund, as provided by department rule, for low-interest loans and grants to registered entrepreneurs to provide financial aid for product development, manufacturing, and advertising of new products.

REPEAL OF CERTAIN PROVISIONS

The bill repeals Section 135.348, the Sponsorship and Mentoring Program, and Section 260.285, the Recycling Flexible Cellulose Casing Tax Credit.