

## HB 2249 -- Tax Credit for Qualified Research Costs

Sponsor: Onder

Beginning January 1, 2008, this bill authorizes a tax credit for qualified research costs. The credit will be 30% of the qualified research costs incurred by a qualified Missouri business or 40% if the qualified business incurs the costs in partnership with any public university, college, or community college in this state. The cumulative amount of tax credits which may be issued in any fiscal year is \$5 million. These credits are not refundable but can be sold.

Each qualified business that receives the tax credit must submit an application to the Department of Revenue. The bill specifies the requirements of the application. The department must submit an annual report to the President Pro Tem of the Senate and the Speaker of the House of Representatives by July 1 with certain specified data.

A "qualified Missouri business" is defined as an independently owned and operated business which is headquartered and located in Missouri. The business cannot have more than 200 employees, 80% of which must be employed in this state. The business must be involved in commerce for the purpose of manufacturing, processing, or assembling products; conducting research and development; or providing services in interstate commerce. Retail, real estate, real estate development, insurance, and professional services provided by accountants, lawyers, or physicians are excluded. The business must meet the requirements of the United States Small Business Administration's qualification size standards for its venture capital program.

"Qualified research" is defined as research undertaken for the purpose of discovering information that is technological in nature and the application of which is intended to be useful in the development of a new or improved business component. It does not include research after commercial production has begun, adaptation or duplication of an existing business component, surveys or studies, certain computer software, or funded research.

The provisions of the bill will expire December 31 six years from the effective date.