

HCS HB 2260 -- TAX CREDITS FOR QUALIFIED RESEARCH EXPENSES

SPONSOR: Richard (Storch)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Job Creation and Economic Development by a vote of 11 to 0.

Currently, no tax credits for qualified research expenses can be approved, awarded, or issued. This substitute removes these restrictions allowing a tax credit equal to no more than 6.5% of the taxpayer's qualified research expenses. The annual aggregate cap on the amount of these tax credits that can be authorized by the Department of Economic Development is \$10 million.

Qualified research expenses will be limited to those incurred in the research and development of agricultural biotechnology, plant genomics products, prescription pharmaceuticals consumed by humans or animals. Expenses incurred in the research, development, and manufacturing of power system technology for aerospace, space, defense, or implantable or wearable medical devices are also permitted.

The substitute requires that the credits be issued and that the department director act on tax credits applications filed between January 1 and July 1 for claims for the previous year between August 1 and August 15.

The formula is specified by which tax credits will be issued if the eligible claims for the credits exceed the annual cap. No one taxpayer can be issued more than 30% of the total amount of tax credits authorized in any calendar year.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$64,208 to \$10,064,208 in FY 2009, \$69,289 to \$10,069,289 in FY 2010, and \$71,367 to \$10,071,367 in FY 2011. No impact on Other State Funds in FY 2009, FY 2010, and FY 2011.

PROPONENTS: Supporters say that this is a very important tax credit program to reinstate because Missouri is poised to become a leader in life sciences research. Businesses, universities, and research institutes engaged in these activities create good jobs, and this program will encourage them to begin or continue research and development in specific areas related to life sciences.

Testifying for the bill were Representative Storch; Missouri Economic Development Council; Associated Industries of Missouri; Taxpayers Research Institute of Missouri; Missouri Biotechnology Association; Jim Kroman, Boehringer Ingelheim Vetmedica, Incorporated; Pfizer, Incorporated; Monsanto; Missouri Chamber of

Commerce and Industry; EaglePicher Technologies, LLC; Center for Emerging Technologies; and St. Louis Community College.

OPPONENTS: There was no opposition voiced to the committee.