

HB 2470 -- Economic Development and Assistance Programs

Sponsor: Flook

This bill changes the laws regarding several economic development and assistance programs. In its main provisions, the bill:

(1) Renames the Neighborhood Assistance Act to the Affordable Housing Assistance Act and reduces the amount of total tax credits available from \$32 million to \$26 million annually;

(2) Establishes the Community Assistance Program which will issue tax credits for contributions to projects that include community development, education, physical revitalization, job training, and youth development. These tax credits may be carried over for five years, sold, or transferred for 75% to 100% of par value. The tax credit will be 30% of the contribution for in-kind donations, 50% of the contribution for monetary donations, or 70% of the contribution for monetary donations to a rural community project;

(3) Re-establishes the Small Business Incubators Act which consists of a loan, loan guarantee, and grant program for the establishment and operation of small business incubators. A local sponsor can submit an application to the Department of Economic Development to obtain a loan, loan guarantee, or grant. The bill specifies the requirements of the application, criteria which must be met in order to accept an application, the purposes for which a loan or grant can be used, and the responsibilities of the local sponsor. The Missouri Small Business Incubators Fund is created consisting of appropriations, gifts, and other contributions. Taxpayers who make a contribution to the fund or to an approved local sponsor will be entitled to a tax credit for 50% of the donation. These tax credits may be carried over for five years, sold, or transferred for 75% to 100% of their par value;

(4) Limits the total amount of tax credits granted under the Community Assistance and the Small Business Incubator programs to \$26 million for Fiscal Year 2010 and thereafter. Of this amount, up to \$6 million must be allocated for youth development and up to \$8 million for rural community projects;

(5) Establishes the Development Tax Credit Program. Any business firm may apply to the department to conduct economic development projects. The department will approve applications on a case-by-case basis giving priority to manufacturing, processing, or assembly; corporate headquarters; services in interstate commerce; and warehouse or distribution projects proposing wages above the average for the area and which provide

health benefits. These tax credits may be carried over for five years, sold, or transferred. Tax credits approved for all economic development projects cannot exceed \$6 million in any fiscal year. Tax credits for economic development projects will be the lesser of \$10,000 per quality job created or retained; 50% of the purchase price of new capital improvements or equipment; \$500,000 per project; or the least amount needed to cause the project to occur. These tax credits may be carried over for five years, sold, or transferred for 75% to 100% of their par value;

(6) Allows the department to terminate participation in a program, require a refund of any donations, and require the participant to repay the state for any tax credits that have already been redeemed if the participant in the Community Assistance Program, Small Business Incubator Program, or Development Tax Credit Program fails to abide by the conditions of the program;

(7) Prohibits tax credits from being approved, awarded, or issued after January 1, 2009, to any person or entity claiming a tax credit under the Youth Opportunities and Violence Prevention Act, Family Development Account Program, or the current Small Business Incubator Program established in Section 620.495, RSMo; and

(8) Repeals provisions regarding tax credits for neighborhood assistance and homeless assistance and eliminates the Youth Opportunities and Violence Prevention Act and the Family Development Account Program.