SECOND REGULAR SESSION

HOUSE BILL NO. 2158

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE WRIGHT.

6315H.02I D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 135.352, 143.011, 253.550, and 253.557, RSMo, and to enact in lieu thereof four new sections relating to taxation.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 135.352, 143.011, 253.550, and 253.557, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 135.352, 143.011, 253.550, and 253.557, to read as follows:

135.352. 1. A taxpayer owning an interest in a qualified Missouri project shall, subject to the limitations provided under the provisions of subsection 3 of this section, be allowed a state tax credit, whether or not allowed a federal tax credit, to be termed the Missouri low-income housing tax credit, if the commission issues an eligibility statement for that project.

2. For qualified Missouri projects placed in service after January 1, 1997, the Missouri low-income housing tax credit available to a project shall be such amount as the commission shall determine is necessary to ensure the feasibility of the project, up to an amount equal to the federal low-income housing tax credit for a qualified Missouri project, for a federal tax period, and such amount shall be subtracted from the amount of state tax otherwise due for the same tax period.

3. No more than six million dollars in tax credits shall be authorized each fiscal year **ending on or before June 30, 2015,** for projects financed through tax-exempt bond issuance.

4. **For each fiscal year beginning on or after July 1, 2015, the maximum amount of tax credits authorized for projects that are financed through tax exempt bond issuance shall be two million dollars. For projects that are not financed through tax exempt bond**

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.

issuance, the maximum amount of tax credits authorized in a fiscal year shall be one hundred fifteen million dollars.

5. The Missouri low-income housing tax credit shall be taken against the taxes and in the order specified pursuant to section 32.115. The credit authorized by this section shall not be refundable. Any amount of credit that exceeds the tax due for a taxpayer's taxable year may be carried back to any of the taxpayer's three prior taxable years or carried forward to any of the taxpayer's five subsequent taxable years.

[5.] **6.** All or any portion of Missouri tax credits issued in accordance with the provisions of sections 135.350 to 135.362 may be allocated to parties who are eligible pursuant to the provisions of subsection 1 of this section. Beginning January 1, 1995, for qualified projects which began on or after January 1, 1994, an owner of a qualified Missouri project shall certify to the director the amount of credit allocated to each taxpayer. The owner of the project shall provide to the director appropriate information so that the low-income housing tax credit can be properly allocated.

[6.] **7.** In the event that recapture of Missouri low-income housing tax credits is required pursuant to subsection 2 of section 135.355, any statement submitted to the director as provided in this section shall include the proportion of the state credit required to be recaptured, the identity of each taxpayer subject to the recapture and the amount of credit previously allocated to such taxpayer.

8. A taxpayer that receives state tax credits under the provisions of sections 253.545 to 253.559 shall be ineligible to receive state tax credits under the provisions of sections 135.350 to 135.363 for the same project.

[7.] **9.** The director of the department may promulgate rules and regulations necessary to administer the provisions of this section. No rule or portion of a rule promulgated pursuant to the authority of this section shall become effective unless it has been promulgated pursuant to the provisions of section 536.024.

143.011. **1. For all tax years ending on or before December 31, 2014,** a tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate provided in section 143.021, which is based upon the following rates: If the Missouri taxable income is: The tax is:

Not over $1,000.00. . . . . 1 1/2% of the Missouri

taxable income Over $1,000 but not over $2,000	$15 plus 2% of excess
over $1,000 Over $2,000 but not over $3,000	$35 plus 2 1/2% of excess
over $2,000 Over $3,000 but not over $4,000	$60 plus 3% of excess
over $3,000 Over $4,000 but not over $5,000	$90 plus 3 1/2% of excess
over $4,000 Over $5,000 but not over $6,000	$125 plus 4% of excess

over $5,000 Over $6,000 but not over $7,000	$165 plus 4 1/2% of excess
over $6,000 Over $7,000 but not over $8,000	$210 plus 5% of excess
over $7,000 Over $8,000 but not over $9,000	$260 plus 5 1/2% of excess
over $8,000 Over $9,000..	$315 plus 6% of excess over $9,000

2. For all tax years beginning on or after January 1, 2015, a tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate provided in section 143.021, which is based upon the following rates:

If the Missouri taxable income is:	**The tax is:**
Not over $1,500.00	**1 1/2% of the Missouri taxable income Over**
$1,500 but not over $3,000	**$23 plus 2% of excess over $1,500**
Over $3,000 but not over $4,500	**$53 plus 2 1/2% of excess over $3,000**
Over $4,500 but not over $6,000	**$90 plus 3% of excess over $4,500**
Over $6,000 but not over $7,500	**$135 plus 3 1/2% of excess over $6,000**
Over $7,500 but not over $9,000	**$188 plus 4% of excess over $7,500**
Over $9,000 but not over $10,500	**$248 plus 4 1/2% of excess over $9,000**
Over $10,500 but not over $12,000	**$315 plus 5% of excess over $10,500**
Over $12,000 but not over $13,500	**$390 plus 5 1/2% of excess over $12,000**
Over $13,500	**$473 plus 6% of excess over $13,500**

253.550. 1. Any taxpayer incurring costs and expenses for the rehabilitation of eligible property, which is a certified historic structure or structure in a certified historic district, may, subject to the provisions of this section and section 253.559, receive a credit against the taxes imposed pursuant to chapters 143 and 148, except for sections 143.191 to 143.265, on such taxpayer in an amount equal to twenty-five percent of the total costs and expenses of rehabilitation incurred after January 1, 1998, which shall include, but not be limited to, qualified rehabilitation expenditures as defined under section 47(c)(2)(A) of the Internal Revenue Code of 1986, as amended, and the related regulations thereunder, provided the rehabilitation costs associated with rehabilitation and the expenses exceed fifty percent of the total basis in the property and the rehabilitation meets standards consistent with the standards of the Secretary of the United States Department of the Interior for rehabilitation as determined by the state historic preservation officer of the Missouri department of natural resources.

2. During the period beginning on January 1, 2010, but ending on or after June 30, 2010, the department of economic development shall not approve applications for tax credits under the provisions of subsections 3 and 8 of section 253.559 which, in the aggregate, exceed seventy million dollars, increased by any amount of tax credits for which approval shall be rescinded under the provisions of section 253.559. For each fiscal year beginning on or after July 1, 2010, **but ending on or before June 30, 2015,** the department of economic development shall not approve applications for tax credits under the provisions of subsections 3 and 8 of section 253.559 which, in the aggregate, exceed one hundred forty million dollars, increased by any amount of tax credits for which approval shall be rescinded under the provisions of section 253.559. The limitations provided under this subsection shall not apply to applications approved under the provisions of subsection 3 of section 253.559 for projects to receive less than two hundred seventy-five thousand dollars in tax credits.

3. For all applications for tax credits approved on or after January 1, 2010, **but before July 1, 2015,** no more than two hundred fifty thousand dollars in tax credits may be issued for eligible costs and expenses incurred in the rehabilitation of an eligible property which is a nonincome producing single-family, owner-occupied residential property and is either a certified historic structure or a structure in a certified historic district.

4. The limitations on tax credit authorization provided under the provisions of subsections 2 and 3 of this section shall not apply to:

(1) Any application submitted by a taxpayer, which has received approval from the department prior to January 1, 2010; or

(2) Any taxpayer applying for tax credits, provided under this section, which, on or before January 1, 2010, has filed an application with the department evidencing that such taxpayer:

(a) Has incurred costs and expenses for an eligible property which exceed the lesser of five percent of the total project costs or one million dollars and received an approved Part I from the Secretary of the United States Department of Interior; or

(b) Has received certification, by the state historic preservation officer, that the rehabilitation plan meets the standards consistent with the standards of the Secretary of the

United States Department of the Interior, and the rehabilitation costs and expenses associated with such rehabilitation shall exceed fifty percent of the total basis in the property.

5. For every fiscal year beginning on or after July 1, 2015, the total amount of tax credits authorized under sections 253.545 to 253.559 shall not exceed ninety million dollars.

253.557. 1. If the amount of such credit exceeds the total tax liability for the year in which the rehabilitated property is placed in service, the amount that exceeds the state tax liability may be carried back to any of the three preceding years and carried forward for credit against the taxes imposed pursuant to chapter 143 and chapter 148, except for sections 143.191 to 143.265 for the succeeding ten years, or until the full credit is used, whichever occurs first. Not-for-profit entities, including but not limited to corporations organized as not-for-profit corporations pursuant to chapter 355 shall be ineligible for the tax credits authorized under sections 253.545 [through 253.561] **to 253.559. Any taxpayer that receives state tax credits under the provisions of sections 135.350 to 135.363 for a project shall be ineligible for the state tax credits authorized under sections 253.545 to 253.559 for the same project**. Taxpayers eligible for such tax credits may transfer, sell or assign the credits. Credits granted to a partnership, a limited liability company taxed as a partnership or multiple owners of property shall be passed through to the partners, members or owners respectively pro rata or pursuant to an executed agreement among the partners, members or owners documenting an alternate distribution method.

2. The assignee of the tax credits, hereinafter the assignee for purposes of this subsection, may use acquired credits to offset up to one hundred percent of the tax liabilities otherwise imposed pursuant to chapter 143 and chapter 148, except for sections 143.191 to 143.265. The assignor shall perfect such transfer by notifying the department of economic development in writing within thirty calendar days following the effective date of the transfer and shall provide any information as may be required by the department of economic development to administer and carry out the provisions of this section.

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