

House _____ Amendment NO. _____

Offered By _____

1 AMEND House Committee Substitute for Senate Substitute No. 2 for Senate Bill No. 674, Page 39,
2 Section 148.720, Line 7, by inserting immediately after all of said section and line the following:

3
4 "253.545. As used in sections 253.545 to 253.559, the following terms mean, unless the
5 context requires otherwise:

6 (1) "Certified historic structure", a property located in Missouri and listed individually on
7 the National Register of Historic Places;

8 (2) "Deed in lieu of foreclosure or voluntary conveyance", a transfer of title from a
9 borrower to the lender to satisfy the mortgage debt and avoid foreclosure;

10 (3) "Eligible property", property located in Missouri and offered or used for residential or
11 business purposes;

12 (4) "Leasehold interest", a lease in an eligible property for a term of not less than thirty
13 years;

14 (5) "Principal", a managing partner, general partner, or president of a taxpayer;

15 (6) "Projected net fiscal benefit", the total net fiscal benefit to the state or municipality, less
16 any state or local benefits offered to the taxpayer for a project, as determined by the department of
17 economic development;

18 (7) "Qualified census tract", a census tract with a poverty rate of twenty percent or higher as
19 determined by a map and listing of census tracts which shall be published by the department of
20 economic development and updated on a five-year cycle, and which map and listing shall depict
21 census tracts with twenty percent poverty rate or higher, grouped by census tracts with twenty
22 percent to forty-two percent poverty, and forty-two percent to eighty-one percent poverty as
23 determined by the most current five-year figures published by the American Community Survey
24 conducted by the United States Census Bureau;

25 (8) "Structure in a certified historic district", a structure located in Missouri which is
26 certified by the department of natural resources as contributing to the historic significance of a
27 certified historic district listed on the National Register of Historic Places, or a local district that has
28 been certified by the United States Department of the Interior;

29 ~~[(7)]~~ (9) "Taxpayer", any person, firm, partnership, trust, estate, limited liability company,
30 or corporation.

31 253.550. 1. Any taxpayer incurring costs and expenses for the rehabilitation of eligible
32 property, which is a certified historic structure or structure in a certified historic district, may,
33 subject to the provisions of this section and section 253.559, receive a credit against the taxes
34 imposed pursuant to chapters 143 and 148, except for sections 143.191 to 143.265, on such taxpayer
35 in an amount equal to twenty-five percent of the total costs and expenses of rehabilitation incurred
36 after January 1, 1998, which shall include, but not be limited to, qualified rehabilitation

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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. (1) 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] 4 and [8] 10 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 before June 30, 2018, the department of economic development shall not approve applications for tax credits under the provisions of subsections [3] 4 and [8] 10 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. For each fiscal year beginning on or after July 1, 2018, the department of economic development shall not approve applications for tax credits under the provisions of subsections 4 and 10 of section 253.559 which, in the aggregate, exceed ninety 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] 4 of section 253.559 for projects to receive less than two hundred seventy-five thousand dollars in tax credits.

(2) For each fiscal year beginning on or after July 1, 2018, the department shall authorize an amount up to, but not to exceed, an additional thirty million dollars in tax credits issued under subsections 4 and 10 of section 253.559, provided that such tax credits are authorized solely for projects located in a qualified census tract.

(3) For each fiscal year beginning on or after July 1, 2018, if the maximum amount of tax credits allowed in any fiscal year as provided under subdivisions (1) and (2) of this subsection is authorized, the maximum amount of tax credits allowed under subdivision (1) of this subsection shall be adjusted by the percentage increase in the Consumer Price Index for All Urban Consumers, or its successor index, as such index is defined and officially reported by the United States Department of Labor, or its successor agency. Only one such adjustment shall be made for each instance in which the provisions of this subdivision apply. The director of the department of economic development shall publish such adjusted amount.

3. For all applications for tax credits approved on or after January 1, 2010, 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] subsection 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] October 1, 2018; or

(2) Any taxpayer applying for tax credits, provided under this section, which, on or before [January 1, 2010] October 1, 2018, 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

1 Secretary of the United States Department of Interior; or

2 (b) Has received certification, by the state historic preservation officer, that the
3 rehabilitation plan meets the standards consistent with the standards of the Secretary of the United
4 States Department of the Interior, and the rehabilitation costs and expenses associated with such
5 rehabilitation shall exceed fifty percent of the total basis in the property.

6 253.559. 1. To obtain approval for tax credits allowed under sections 253.545 to 253.559, a
7 taxpayer shall submit an application for tax credits to the department of economic development.
8 Each application for approval, including any applications received for supplemental allocations of
9 tax credits as provided under subsection 8 of this section, shall be prioritized for review and
10 approval, in the order of the date on which the application was postmarked, with the oldest
11 postmarked date receiving priority. Applications postmarked on the same day shall go through a
12 lottery process to determine the order in which such applications shall be reviewed.

13 2. Each application shall be reviewed by the department of economic development for
14 approval. In order to receive approval, an application, other than applications submitted under the
15 provisions of subsection [8] 10 of this section, shall include:

16 (1) Proof of ownership or site control. Proof of ownership shall include evidence that the
17 taxpayer is the fee simple owner of the eligible property, such as a warranty deed or a closing
18 statement. Proof of site control may be evidenced by a leasehold interest or an option to acquire
19 such an interest. If the taxpayer is in the process of acquiring fee simple ownership, proof of site
20 control shall include an executed sales contract or an executed option to purchase the eligible
21 property;

22 (2) Floor plans of the existing structure, architectural plans, and, where applicable, plans of
23 the proposed alterations to the structure, as well as proposed additions;

24 (3) The estimated cost of rehabilitation, the anticipated total costs of the project, the actual
25 basis of the property, as shown by proof of actual acquisition costs, the anticipated total labor costs,
26 the estimated project start date, and the estimated project completion date;

27 (4) Proof that the property is an eligible property and a certified historic structure or a
28 structure in a certified historic district; ~~and~~

29 (5) A copy of all land use and building approvals reasonably necessary for the
30 commencement of the project; and

31 (6) Any other information which the department of economic development may reasonably
32 require to review the project for approval.

33
34 Only the property for which a property address is provided in the application shall be reviewed for
35 approval. Once selected for review, a taxpayer shall not be permitted to request the review of
36 another property for approval in the place of the property contained in such application. Any
37 disapproved application shall be removed from the review process. If an application is removed
38 from the review process, the department of economic development shall notify the taxpayer in
39 writing of the decision to remove such application. Disapproved applications shall lose priority in
40 the review process. A disapproved application, which is removed from the review process, may be
41 resubmitted, but shall be deemed to be a new submission for purposes of the priority procedures
42 described in this section.

43 3. (1) In evaluating an application for tax credits submitted under this section, the
44 department of economic development shall also consider:

45 (a) The amount of projected net fiscal benefit of the project to the state and local
46 municipality, and the period in which the state and municipality would realize such net fiscal
47 benefit;

48 (b) The overall size and quality of the proposed project, including the estimated number of

1 new jobs to be created by the project, the potential multiplier effect of the project, and similar
 2 factors;

3 (c) The level of economic distress in the area; and

4 (d) Input from the local elected officials in the local municipality in which the proposed
 5 project is located as to the importance of the proposed project to the municipality. For any proposed
 6 project in any city not within a county, input from local elected officials shall include, but shall not
 7 be limited to, the president of the board of aldermen;

8 (2) The provisions of this subsection shall not apply to applications for projects to receive
 9 less than two hundred seventy-five thousand dollars in tax credits.

10 4. If the department of economic development deems the application sufficient, the taxpayer
 11 shall be notified in writing of the approval for an amount of tax credits equal to the amount
 12 provided under section 253.550 less any amount of tax credits previously approved. Such approvals
 13 shall be granted to applications in the order of priority established under this section and shall
 14 require full compliance thereafter with all other requirements of law as a condition to any claim for
 15 such credits. If the department of economic development disapproves an application, the taxpayer
 16 shall be notified in writing of the reasons for such disapproval. A disapproved application may be
 17 resubmitted.

18 [4:] 5. Following approval of an application, the identity of the taxpayer contained in such
 19 application shall not be modified except:

20 (1) The taxpayer may add partners, members, or shareholders as part of the ownership
 21 structure, so long as the principal remains the same, provided however, that subsequent to the
 22 commencement of renovation and the expenditure of at least ten percent of the proposed
 23 rehabilitation budget, removal of the principal for failure to perform duties and the appointment of a
 24 new principal thereafter shall not constitute a change of the principal; or

25 (2) Where the ownership of the project is changed due to a foreclosure, deed in lieu of a
 26 foreclosure or voluntary conveyance, or a transfer in bankruptcy.

27 [5:] 6. In the event that the department of economic development grants approval for tax
 28 credits equal to the total amount available under subsection 2 of section 253.550, or sufficient that
 29 when totaled with all other approvals, the amount available under subsection 2 of section 253.550 is
 30 exhausted, all taxpayers with applications then awaiting approval or thereafter submitted for
 31 approval shall be notified by the department of economic development that no additional approvals
 32 shall be granted during the fiscal year and shall be notified of the priority given to such taxpayer's
 33 application then awaiting approval. Such applications shall be kept on file by the department of
 34 economic development and shall be considered for approval for tax credits in the order established
 35 in this section in the event that additional credits become available due to the rescission of approvals
 36 or when a new fiscal year's allocation of credits becomes available for approval.

37 7. All taxpayers with applications receiving approval on or after July 1, 2019, shall submit
 38 within sixty days following the award of credits evidence of the capacity of the applicant to finance
 39 the costs and expenses for the rehabilitation of the eligible property in the form of a line of credit or
 40 letter of commitment subject to the lender's termination for a material adverse change impacting the
 41 extension of credit. If the department of economic development determines that a taxpayer has
 42 failed to comply with the requirements under this subsection, then the department shall notify the
 43 applicant of such failure and the applicant shall have a thirty day period from the date of such notice
 44 to submit additional evidence to remedy the failure.

45 [6:] 8. All taxpayers with applications receiving approval on or after the effective date of
 46 this act shall commence rehabilitation within ~~two years~~ nine months of the date of issuance of the
 47 letter from the department of economic development granting the approval for tax credits.
 48 "Commencement of rehabilitation" shall mean that as of the date in which actual physical work,

1 contemplated by the architectural plans submitted with the application, has begun, the taxpayer has
 2 incurred no less than ten percent of the estimated costs of rehabilitation provided in the application.
 3 Taxpayers with approval of a project shall submit evidence of compliance with the provisions of this
 4 subsection. If the department of economic development determines that a taxpayer has failed to
 5 comply with the requirements provided under this section, the approval for the amount of tax credits
 6 for such taxpayer shall be rescinded and such amount of tax credits shall then be included in the
 7 total amount of tax credits, provided under subsection 2 of section 253.550, from which approvals
 8 may be granted. Any taxpayer whose approval shall be subject to rescission shall be notified of
 9 such from the department of economic development and, upon receipt of such notice, may submit a
 10 new application for the project.

11 [7-] 9. To claim the credit authorized under sections 253.550 to 253.559, a taxpayer with
 12 approval shall apply for final approval and issuance of tax credits from the department of economic
 13 development which, in consultation with the department of natural resources, shall determine the
 14 final amount of eligible rehabilitation costs and expenses and whether the completed rehabilitation
 15 meets the standards of the Secretary of the United States Department of the Interior for
 16 rehabilitation as determined by the state historic preservation officer of the Missouri department of
 17 natural resources. For financial institutions credits authorized pursuant to sections 253.550 to
 18 253.561 shall be deemed to be economic development credits for purposes of section 148.064. The
 19 approval of all applications and the issuing of certificates of eligible credits to taxpayers shall be
 20 performed by the department of economic development. The department of economic development
 21 shall inform a taxpayer of final approval by letter and shall issue, to the taxpayer, tax credit
 22 certificates. The taxpayer shall attach the certificate to all Missouri income tax returns on which the
 23 credit is claimed.

24 [8-] 10. Except as expressly provided in this subsection, tax credit certificates shall be issued
 25 in the final year that costs and expenses of rehabilitation of the project are incurred, or within the
 26 twelve-month period immediately following the conclusion of such rehabilitation. In the event the
 27 amount of eligible rehabilitation costs and expenses incurred by a taxpayer would result in the
 28 issuance of an amount of tax credits in excess of the amount provided under such taxpayer's
 29 approval granted under subsection [3] 4 of this section, such taxpayer may apply to the department
 30 for issuance of tax credits in an amount equal to such excess. Applications for issuance of tax
 31 credits in excess of the amount provided under a taxpayer's application shall be made on a form
 32 prescribed by the department. Such applications shall be subject to all provisions regarding priority
 33 provided under subsection 1 of this section.

34 [9-] 11. The department of economic development shall determine, on an annual basis, the
 35 overall economic impact to the state from the rehabilitation of eligible property."; and
 36

37 Further amend said bill, Page 40, Section 620.1350, Line 19, by inserting immediately after all of
 38 said section and line the following:
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40 "620.1900. 1. The department of economic development may charge a fee to the recipient
 41 of any tax credits issued by the department, in an amount up to two and one-half percent of the
 42 amount of tax credits issued, or for tax credits issued under sections 253.545 to 253.559 in an
 43 amount equal to four percent of the amount of tax credits issued. The fee shall be paid by the
 44 recipient upon the issuance of the tax credits. However, no fee shall be charged for the tax credits
 45 issued under section 135.460, or section 208.770, or under sections 32.100 to 32.125, if issued for
 46 community services, crime prevention, education, job training, or physical revitalization.

47 2. (1) All fees received by the department of economic development under this section shall
 48 be deposited solely to the credit of the economic development advancement fund, created under

1 subsection 3 of this section.

2 (2) Thirty-seven and one-half percent of the revenue derived from the four percent fee
3 charged on tax credits issued under sections 253.545 to 253.559 shall be appropriated from the
4 economic development advancement fund for business recruitment and marketing.

5 3. There is hereby created in the state treasury the "Economic Development Advancement
6 Fund", which shall consist of money collected under this section. The state treasurer shall be
7 custodian of the fund and shall approve disbursements from the fund in accordance with sections
8 30.170 and 30.180. Upon appropriation, money in the fund shall be used solely for the
9 administration of this section. Notwithstanding the provisions of section 33.080 to the contrary, any
10 moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general
11 revenue fund. The state treasurer shall invest moneys in the fund in the same manner as other funds
12 are invested. Any interest and moneys earned on such investments shall be credited to the fund.

13 4. Such fund shall consist of any fees charged under subsection 1 of this section, any gifts,
14 contributions, grants, or bequests received from federal, private, or other sources, fees or
15 administrative charges from private activity bond allocations, moneys transferred or paid to the
16 department in return for goods or services provided by the department, and any appropriations to the
17 fund.

18 5. At least fifty percent of the fees and other moneys deposited in the fund shall be
19 appropriated for marketing, technical assistance, and training, contracts for specialized economic
20 development services, and new initiatives and pilot programming to address economic trends. The
21 remainder may be appropriated toward the costs of staffing and operating expenses for the program
22 activities of the department of economic development, and for accountability functions."; and
23

24 Further amend said bill by amending the title, enacting clause, and intersectional references
25 accordingly.
26