

House _____ Amendment NO. _____

Offered By

1 AMEND Senate Substitute for Senate Committee Substitute for Senate Bill No. 549, Page 1,
2 Section A, Line 3, 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", either:

11 (a) Before January 1, 2019, property located in Missouri and offered or used for residential
12 or business purposes; or

13 (b) After January 1, 2019, property located in Missouri and offered or used for:

14 a. Business purposes; or

15 b. Residential purposes if such residential property has an assessed value of no more than
16 two hundred fifty thousand dollars;

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

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

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

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

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

34 [(7)] (9) "Taxpayer", any person, firm, partnership, trust, estate, limited liability company,
35 or corporation.

36 253.550. 1. Any taxpayer incurring costs and expenses for the rehabilitation of eligible

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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. (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 9 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 may authorize an amount up to, but not to exceed, an additional thirty million dollars in tax credits issued under subsections 4 and 9 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 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.

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

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

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

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

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

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

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

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

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

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

(1) The amount of projected net fiscal benefit of the project to the state and local

1 municipality, and the period in which the state and municipality would realize such net fiscal
 2 benefit;

3 (2) The overall size and quality of the proposed project, including the estimated number of
 4 new jobs to be created by the project, the potential multiplier effect of the project, and similar
 5 factors;

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

7 (4) Input from the local elected officials and local municipality in which the proposed
 8 project is located as to the importance of the proposed project to the municipality.

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

17 [4.] 5. Following approval of an application, the identity of the taxpayer contained in such
 18 application shall not be modified except:

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

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

26 [5.] 6. In the event that the department of economic development grants approval for tax
 27 credits equal to the total amount available under subsection 2 of section 253.550, or sufficient that
 28 when totaled with all other approvals, the amount available under subsection 2 of section 253.550 is
 29 exhausted, all taxpayers with applications then awaiting approval or thereafter submitted for
 30 approval shall be notified by the department of economic development that no additional approvals
 31 shall be granted during the fiscal year and shall be notified of the priority given to such taxpayer's
 32 application then awaiting approval. Such applications shall be kept on file by the department of
 33 economic development and shall be considered for approval for tax credits in the order established
 34 in this section in the event that additional credits become available due to the rescission of approvals
 35 or when a new fiscal year's allocation of credits becomes available for approval.

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

44 [6.] 8. All taxpayers with applications receiving approval on or after the effective date of
 45 this act shall commence rehabilitation within ~~[two years]~~ nine months of the date of issuance of the
 46 letter from the department of economic development granting the approval for tax credits.
 47 "Commencement of rehabilitation" shall mean that as of the date in which actual physical work,
 48 contemplated by the architectural plans submitted with the application, has begun, the taxpayer has

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

~~[7-]~~ 9. To claim the credit authorized under sections 253.550 to 253.559, a taxpayer with approval shall apply for final approval and issuance of tax credits from the department of economic development which, in consultation with the department of natural resources, shall determine the final amount of eligible rehabilitation costs and expenses and whether the completed rehabilitation meets 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. For financial institutions credits authorized pursuant to sections 253.550 to 253.561 shall be deemed to be economic development credits for purposes of section 148.064. The approval of all applications and the issuing of certificates of eligible credits to taxpayers shall be performed by the department of economic development. The department of economic development shall inform a taxpayer of final approval by letter and shall issue, to the taxpayer, tax credit certificates. The taxpayer shall attach the certificate to all Missouri income tax returns on which the credit is claimed.

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

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

Further amend said bill, Page 8, Section 620.809, Line 241, by inserting immediately after all of said section and line the following:

"620.1900. 1. The department of economic development may charge a fee to the recipient of any tax credits issued by the department, in an amount up to two and one-half percent of the amount of tax credits issued, or for tax credits issued under sections 253.545 to 253.559 in an amount equal to four percent of the amount of tax credits issued. The fee shall be paid by the recipient upon the issuance of the tax credits. However, no fee shall be charged for the tax credits issued under section 135.460, or section 208.770, or under sections 32.100 to 32.125, if issued for community services, crime prevention, education, job training, or physical revitalization.

2. (1) All fees received by the department of economic development under this section shall be deposited solely to the credit of the economic development advancement fund, created under subsection 3 of this section.

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

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

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

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

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