

House _____ Amendment NO. _____

Offered By _____

1 AMEND Senate Substitute No. 2 for Senate Bill No. 704, Page 80, Section 205.202, Line 82, by
2 inserting after all of said section and line the following:

3
4 "253.559. 1. To obtain approval for tax credits allowed under sections 253.545 to 253.559,
5 a taxpayer shall submit an application for tax credits to the department of economic development.
6 Each application for approval, including any applications received for supplemental allocations of
7 tax credits as provided under subsection 10 of this section, shall be prioritized for review and
8 approval, in the order of the date on which the application was postmarked, with the oldest
9 postmarked date receiving priority. Applications postmarked on the same day shall go through a
10 lottery process to determine the order in which such applications shall be reviewed.

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

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

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

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

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

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

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

31
32 Only the property for which a property address is provided in the application shall be reviewed for
33 approval. Once selected for review, a taxpayer shall not be permitted to request the review of
34 another property for approval in the place of the property contained in such application. Any
35 disapproved application shall be removed from the review process. If an application is removed
36 from the review process, the department of economic development shall notify the taxpayer in

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1 writing of the decision to remove such application. Disapproved applications shall lose priority in
2 the review process. A disapproved application, which is removed from the review process, may be
3 resubmitted, but shall be deemed to be a new submission for purposes of the priority procedures
4 described in this section.

5 3. (1) In evaluating an application for tax credits submitted under this section, the
6 department of economic development shall also consider:

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

10 (b) The overall size and quality of the proposed project, including the estimated number of
11 new jobs to be created by the project, the potential multiplier effect of the project, and similar
12 factors;

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

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

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

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

28 5. Following approval of an application, the identity of the taxpayer contained in such
29 application shall not be modified except:

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

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

37 6. In the event that the department of economic development grants approval for tax credits
38 equal to the total amount available under subsection 2 of section 253.550, or sufficient that when
39 totaled with all other approvals, the amount available under subsection 2 of section 253.550 is
40 exhausted, all taxpayers with applications then awaiting approval or thereafter submitted for
41 approval shall be notified by the department of economic development that no additional approvals
42 shall be granted during the fiscal year and shall be notified of the priority given to such taxpayer's
43 application then awaiting approval. Such applications shall be kept on file by the department of
44 economic development and shall be considered for approval for tax credits in the order established
45 in this section in the event that additional credits become available due to the rescission of approvals
46 or when a new fiscal year's allocation of credits becomes available for approval.

47 7. All taxpayers with applications receiving approval on or after July 1, 2019, shall submit
48 within sixty days following the award of credits evidence of the capacity of the applicant to finance
49 the costs and expenses for the rehabilitation of the eligible property in the form of a line of credit or

1 letter of commitment subject to the lender's termination for a material adverse change impacting the
 2 extension of credit. If the department of economic development determines that a taxpayer has
 3 failed to comply with the requirements under this subsection, then the department shall notify the
 4 applicant of such failure and the applicant shall have a thirty-day period from the date of such notice
 5 to submit additional evidence to remedy the failure.

6 8. All taxpayers with applications receiving approval on or after the effective date of this act
 7 shall commence rehabilitation within nine months of the date of issuance of the letter from the
 8 department of economic development granting the approval for tax credits. "Commencement of
 9 rehabilitation" shall mean that as of the date in which actual physical work, contemplated by the
 10 architectural plans submitted with the application, has begun, the taxpayer has incurred no less than
 11 ten percent of the estimated costs of rehabilitation provided in the application. Taxpayers with
 12 approval of a project shall submit evidence of compliance with the provisions of this subsection. If
 13 the department of economic development determines that a taxpayer has failed to comply with the
 14 requirements provided under this section, the approval for the amount of tax credits for such
 15 taxpayer shall be rescinded and such amount of tax credits shall then be included in the total amount
 16 of tax credits, provided under subsection 2 of section 253.550, from which approvals may be
 17 granted. Any taxpayer whose approval shall be subject to rescission shall be notified of such from
 18 the department of economic development and, upon receipt of such notice, may submit a new
 19 application for the project.

20 9. (1) To claim the credit authorized under sections 253.550 to 253.559, a taxpayer with
 21 approval shall apply for
 22 final approval and issuance of tax credits from the department of economic development which, in
 23 consultation with the department of natural resources, shall determine the final amount of eligible
 24 rehabilitation costs and expenses and whether the completed rehabilitation meets the qualified
 25 rehabilitation standards [of the Secretary of the United States Department of the Interior for
 26 rehabilitation] as determined by the state historic preservation officer of the Missouri department of
 27 natural resources. The department of natural resources shall allow for a third party audit as evidence
 28 that the completed rehabilitation meets the qualified rehabilitation standards.

29 (2) Within sixty days of the department's receipt of all materials required by the department
 30 for an application for final approval and issuance of tax credits, the department shall issue to the
 31 taxpayer tax credit certificates in the amount of seventy-five percent of the lesser of:

32 (a) The total amount of the tax credits for which the taxpayer is eligible as provided in the
 33 taxpayer's certification of qualified expenses submitted with an application for final approval; or

34 (b) The total amount of tax credits approved for such project under subsection 3 of this
 35 section, including any amounts approved in connection with a material change in scope of the
 36 project.

37 (3) Within one hundred twenty days of the department's receipt of all materials required by
 38 the department for an application of final approval and issuance of tax credits for a project, the
 39 department shall:

40 (a) Make a final determination of the total costs and expenses of rehabilitation and the
 41 amount of tax credits to be issued for such costs and expenses;

42 (b) Notify the taxpayer in writing of its final determination; and

43 (c) Issue to the taxpayer tax credit certificates in an amount equal to the remaining amount
 44 of tax credits for which such taxpayer is eligible to receive, as determined by the department, but
 45 was not issued in the initial tax credit issuance under subdivision (2) of this subsection.

46 (4) If the department determines that the amount of tax credits issued to a taxpayer in the
 47 initial tax credit issuance under subdivision (2) of this subsection is in excess of the total amount of
 48 tax credits such taxpayer is eligible to receive, as determined by the department, the department
 49 shall notify such taxpayer and such taxpayer shall repay the department an amount equal to such

1 excess.

2 (5) For financial institutions credits authorized pursuant to sections 253.550 to [253.561]
3 253.559 shall be deemed to be economic development credits for purposes of section 148.064. The
4 approval of all applications and the issuing of certificates of eligible credits to taxpayers shall be
5 performed by the department of economic development. The department of economic development
6 shall inform a taxpayer of final approval by letter and shall issue, to the taxpayer, tax credit
7 certificates. The taxpayer shall attach the certificate to all Missouri income tax returns on which the
8 credit is claimed.

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

19 11. The department of economic development shall determine, on an annual basis, the
20 overall economic impact to the state from the rehabilitation of eligible property."; and

21
22 Further amend said bill by amending the title, enacting clause, and intersectional references
23 accordingly.