

HB 1935 -- REVITALIZING DOWNTOWNS AND MAIN STREETS

SPONSOR: Wilson

This bill creates the "Revitalizing Missouri Downtowns and Main Streets Act."

Beginning January 1, 2025, a taxpayer may submit an application to the Department of Economic Development to claim a credit against his or her state tax liability:

(1) Equal to 25% of qualified conversion expenditures, as defined in the bill, incurred for converting nonresidential property from office use to residential, retail, or other commercial use; or

(2) Equal to 30% of qualified conversion expenditures with respect to upper floor housing, as defined in the bill, incurred for converting nonresidential property from office use to residential, retail, or other commercial use.

Such tax credits shall be refundable, but may be carried back three years or carried forward 10 years. The total amount of tax credits shall not exceed \$50 million in any fiscal year, and may also be transferred, sold, or assigned, as described in the bill.

Of the maximum amount of available tax credits 25% shall be solely for projects located in a qualified Missouri main street district, as defined in the bill. If the total amount of tax credits reserved for this purpose has already been authorized, projects located in a qualified Missouri main street district may receive tax credits from the remaining unreserved credits.

If the maximum amount of allowable tax credits is authorized in any given fiscal year, such maximum allowable amount shall be increased by the percentage increase in inflation. Tax credits authorized for qualified converted buildings of more than 750,000 square feet shall not count toward such maximum amount of annual tax credits, provided that no more than \$50 million in tax credits shall be authorized for such buildings in a given fiscal year.

A taxpayer shall apply to the Department of Economic Development to receive tax credits. Such application shall be prioritized in the order of its submission, and shall include the following:

(1) Proof of ownership or site control, as described in the bill;

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

- (3) Estimated cost of conversion;
- (4) Anticipated total costs of the project;
- (5) Actual basis of the property, as shown by proof of actual acquisition costs;
- (6) Anticipated labor costs;
- (7) Estimated project start date;
- (8) Estimated project completion date;
- (9) Proof that the property is an eligible property;
- (10) Copy of all land use and building approvals reasonably necessary for the commencement of the project; and
- (11) Any other information that the Department may reasonably require to review the project for approval.

All taxpayers with approved applications shall submit, within 60 days following the award of tax credits, evidence of the taxpayer's capacity to finance the costs and expenses for the conversion of the eligible property. All approved applications shall commence conversion within nine months of the date of the letter from the Department granting the approval of the tax credits.

To receive a tax credit, a taxpayer with an approved application shall apply for final approval from the Department, which shall determine the final amount of qualified conversion expenditures and whether the completed rehabilitation meets all requirements.

The final application shall demonstrate that the taxpayer has:

- (1) Substantially converted a qualified converted building; and
- (2) Presented satisfactory evidence of any qualified conversion expenditures for the structure, as determined by the Department; and
- (3) Turned over any other information reasonably requested by the Department.

On an annual basis, the Department shall determine the overall economic impact resulting from the rehabilitation of eligible property.