SS SB 802 -- BUSINESS INVESTMENT INCENTIVES

This bill establishes the "Missouri Rural Access to Capital Act", which provides a tax credit for certain investments made in businesses located in rural areas in this State.

This bill allows investors to make capital investments in a "rural fund", as defined in the act. Such investors will be allowed a tax credit for a period of six years beginning with the year the investor made a capital investment. The tax credit must be equal to a percentage of the capital investment. The percentage must be zero for the first two years, and 15% for the subsequent four years. Tax credits issued under the act will not be refundable, but can be carried forward to any of the five subsequent tax years, as described in the act. No more than $16 million in tax credits will be authorized in a given calendar year.

This bill specifies that a rural fund wishing to accept investments as capital investments must apply to the Department of Economic Development. The application must include the amount of capital investment requested, a copy of the applicant's license as a rural business or small business investment company, evidence that the applicant has made at least $100 million in investments in nonpublic companies located in counties throughout the United States with a population less than 50,000, evidence that the applicant has made at least $30 million in investments in nonpublic companies located in Missouri, and a business plan that includes a revenue impact statement projecting state and local tax revenue to be generated by the applicant's proposed qualified investments, as described in the act. The rural fund must also submit a nonrefundable application fee of $5,000.

This bill specifies that the Department must grant or deny an application within 60 days of receipt. The Department must deny an application if such application is incomplete or insufficient, if the revenue impact assessment does not demonstrate that the business plan will result in a positive economic impact on the State over a 10 year period, or if the Department has already approved the maximum amount of capital investment authority.

This bill requires that rural funds must use capital investments made by investors to make qualified investments, as specified in the act, in eligible businesses. An "eligible business" is defined as a business that, at the time of the qualified investment, has fewer than 250 employees, has its principal business operations in the State, is engaged in certain industries, as described in the act, does not knowingly employ any individual who is unlawfully present in this country, and is located or has committed to locate in a rural area.

This bill allows the Department to recapture tax credits if the rural fund does not invest 60% of its capital investment authority in qualified investments within two years of the date of the capital investment and 100% of its capital investment authority within three years, if the rural fund fails to maintain qualified investments equal to 90% of its capital investment authority in years three through six, as described in the act, if prior to exiting the program or 30 days after the sixth year, the rural fund makes a distribution or payment that results in the fund having less than 100% of its capital investment authority invested in qualified investments, or if the rural fund violates provisions of the act.

This bill requires that rural funds must submit certain reports to the Department, including annual reports which detail the name and location of each eligible business receiving a qualified investment, the total number of new jobs, maintained jobs, new payroll, maintained payroll, new revenue, and maintained revenue by each eligible business receiving a qualified investment, a revenue impact assessment projecting State and local tax revenue generated and projected to be generated, and any other information required by the Department, as described in the act.

This bill provides that at any time after the sixth anniversary of the capital investment, a rural fund can apply to the Department to exit the program. The Department must respond to such application within 30 days. At the time a rural fund exits the program, if the amount of State and local tax benefits generated by the rural fund's qualified investments are less than the amount of tax credits distributed to the rural fund, the fund must be required to make a distribution to the State, not to exceed 10% of the amount of tax credits received, .

This bill sunsets August 28, 2030.