

FIRST REGULAR SESSION

HOUSE BILL NO. 610

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE WILSON.

1170H.02I

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 99, RSMo, by adding thereto one new section relating to tax credits for downtown revitalization.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 99, RSMo, is amended by adding thereto one new section, to be known as section 99.720, to read as follows:

99.720. 1. This section shall be known and may be cited as the "Revitalizing Missouri Downtowns and Main Streets Act".

2. As used in this section, the following terms mean, unless the context requires otherwise:

(1) "Department", the Missouri department of economic development;

(2) "Qualified conversion expenditures", any amount properly chargeable to a capital account. The term "qualified conversion expenditures" shall not include:

(a) The cost of acquisition;

(b) Any expenditure attributable to the enlargement of an existing building; or

(c) Tax-exempt properties;

(3) "Qualified converted building", any building and its structural components

if:

(a) Prior to conversion, such building was nonresidential real property, as defined in 26 U.S.C. Section 168(e)(2)(B), as amended, which was leased, or available for lease, to office tenants;

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 **(b) Such building has been substantially converted from an office use to a**
17 **predominantly residential use, as defined by more than fifty percent of the gross square**
18 **footage of the building, and may also include retail, or other commercial uses; and**

19 **(c) Such building was initially placed in service at least twenty-five years before**
20 **the beginning of the conversion;**

21 **(4) "Qualified Missouri main street district", an accredited, associated, or**
22 **affiliated main street district of the Missouri main street program created under**
23 **sections 251.470 to 251.485;**

24 **(5) "Substantially converted", qualified conversion expenditures incurred**
25 **during the twenty-four-month period preceding final approval of tax credits that in total**
26 **are greater than:**

27 **(a) The adjusted basis of such building and its structural components as**
28 **determined as of the beginning of the first day of such twenty-four-month period, or of**
29 **the holding period of the building, whichever is later; or**

30 **(b) Fifteen thousand dollars if the property is located in a qualified Missouri**
31 **main street district or five hundred thousand dollars if the property is not located in a**
32 **qualified Missouri main street district.**

33

34 **In the case of any conversion that may reasonably be expected to be completed in phases**
35 **set forth in architectural plans and specifications completed before the conversion**
36 **begins, qualified conversion expenditures shall be totaled for the sixty-month period**
37 **preceding final approval of tax credits rather than the twenty-four-month period**
38 **preceding such final approval;**

39 **(6) "Upper floor housing", any housing that is attached to or contained in the**
40 **same building as commercial or retail property, whether located on the ground floor**
41 **behind the traditional storefront or on other floors of the property.**

42 **3. (1) For all tax years beginning on or after January 1, 2026, the department**
43 **shall issue a taxpayer a credit against the taxpayer's state tax liability equal to twenty-**
44 **five percent of qualified conversion expenditures with respect to a qualified converted**
45 **building, or thirty percent of qualified conversion expenditures with respect to upper**
46 **floor housing located in a qualified Missouri main street district. If the amount of such**
47 **tax credit exceeds the taxpayer's state tax liability for the year in which tax credits are**
48 **issued, the amount that exceeds the state tax liability may be carried back to any of the**
49 **three preceding tax years or carried forward for credit against state tax liability for the**
50 **succeeding ten tax years or until the full credit is used, whichever occurs first.**

51 **(2) Tax credits authorized pursuant to this section may be transferred, sold, or**
52 **assigned.**

53 **(3) Tax credits authorized for a partnership, a limited liability company taxed as**
54 **a partnership, or multiple owners of property shall be passed through to the partners,**
55 **members, or owners respectively pro rata, or pursuant to an executed agreement among**
56 **the partners, members, or owners documenting an alternate distribution method.**

57 **(4) The assignee of a tax credit may use the acquired tax credit to offset up to one**
58 **hundred percent of the taxpayer's state tax liability. The assignor shall perfect such**
59 **transfer by notifying the department in writing within thirty calendar days following**
60 **the effective date of the transfer and shall provide any information as may be required**
61 **by the department.**

62 **4. (1) The total amount of tax credits authorized pursuant to this section shall**
63 **not exceed fifty million dollars in any fiscal year.**

64 **(2) The provisions of subdivision (1) of this subsection shall not apply to tax**
65 **credits authorized for qualified converted buildings of more than seven hundred fifty**
66 **thousand square feet, provided that no more than fifty million dollars in tax credits shall**
67 **be authorized for such qualified buildings in any given fiscal year.**

68 **5. Twenty-five percent of the maximum amount of tax credits available to be**
69 **authorized to taxpayers in a fiscal year shall be authorized solely for projects located in**
70 **a qualified Missouri main street district. If the total amount of such reserved tax credits**
71 **has been authorized, projects located in a qualified Missouri main street district may**
72 **receive tax credits from the remaining unreserved amount of tax credits. If the total**
73 **amount of reserved tax credits has not been authorized by the department, projects not**
74 **located in a qualified Missouri main street district may be authorized tax credits from**
75 **such reserved amount.**

76 **6. If the maximum amount of tax credits allowed in any fiscal year, as provided**
77 **under subsection 4 of this section, is issued, the maximum amount of tax credits allowed**
78 **under subsection 4 of this section shall be adjusted by the percentage increase in the**
79 **Consumer Price Index for All Urban Consumers, or its successor index, as such index is**
80 **defined and officially reported by the United States Department of Labor, or its**
81 **successor agency. Only one such adjustment shall be made for each instance in which**
82 **the provisions of this subsection apply. The department shall publish such adjusted**
83 **amount.**

84 **7. (1) To obtain approval for tax credits pursuant to this section, a taxpayer**
85 **shall submit an application for tax credits to the department. The department shall**
86 **have thirty days to review the application and notify the applicant in writing of their**
87 **decision whether the application has been approved or denied. Each application for**
88 **approval, including any applications received for supplemental allocations of tax credits**

89 as provided under subsection 14 of this section, shall be reviewed in the order of
90 submission and scored according to subsection 8 of this section.

91 (2) Each application shall be reviewed by the department for approval. In order
92 to receive approval, an application shall include:

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

99 (b) Floor plans of the existing structure, architectural plans, and where
100 applicable, plans of the proposed conversion of the structure, as well as proposed
101 additions;

102 (c) The estimated cost of conversion; the anticipated total costs of the project;
103 the actual basis of the property, as shown by proof of actual acquisition costs; the
104 anticipated total labor costs; the estimated project start date; and the estimated project
105 completion date;

106 (d) Proof that the property is an eligible property;

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

109 (f) Any other information that the department may reasonably require to review
110 the project for approval.

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112 Only the property for which a property address is provided in the application shall be
113 reviewed for approval. Once selected for review, a taxpayer shall not be permitted to
114 request the review of another property for approval in the place of the property
115 contained in such application. Any disapproved application shall be removed from the
116 review process. If an application is removed from the review process, the department
117 shall notify the taxpayer in writing of the decision to remove such application.
118 Disapproved applications shall lose priority in the review process. A disapproved
119 application, which is removed from the review process, may be resubmitted but shall be
120 deemed to be a new submission for purposes of the priority procedures described in this
121 section. If the department determines that a taxpayer has failed to comply with the
122 requirements of this subsection, the department shall notify the applicant of such failure
123 and the applicant shall have a thirty-day period from the date of such notice to submit
124 additional evidence to remedy the failure.

125 **8. (1) The department shall evaluate and weigh applications according to the**
 126 **categories and scoring rubric established in subdivision (2) of this subsection.**

127 **(2) Scoring shall be allocated as follows, with a maximum possible score of one**
 128 **hundred:**

129 **(a) Opportunity Zone (OZ), Qualified Census Tract (QCT), Enhanced**
 130 **Enterprise Zone (EEZ), Disadvantaged Community (maximum twenty five points):**

131 **Table 1 - Opportunity Zone (OZ), Qualified Census Tract (QCT), Enhanced**
 132 **Enterprise Zone (EEZ), Disadvantaged Community**

133 Category	Points Available	Points Scored	DED Use Only
134 OZ, QCT, and EEZ	25		
135 Tract Poverty rate 136 between 16% and 137 19.9%	20		
138 Tract Poverty rate 139 between 13% and 140 16.9%	15		
141 Tract Poverty rate 142 between 10% and 143 12.9%	10		
144 Tract Poverty rate 145 below 10%	0		

146 **(b) Gross building square footage (maximum twenty points):**

147 **Table 2 - Gross Building Square Footage (SF)**

148 Category	Points Available	Points Scored	DED Use Only
149 ≥ 750,000 SF	20		
150 ≥ 500,000 < 750,000 SF	15		
151 ≥ 250,000 < 500,000 SF	10		
152 < 250,000 SF	5		

153 **(c) Vacant building (maximum fifteen points):**

154 **Table 3 - Vacant Building**

155 Category	Points Available	Points Scored	DED Use Only
156 ≥ 5 years	15		
157 ≥ 3 years < 5 years	10		
158 ≥ 1 year < 3 years	5		
159 < 1 year	0		

160 (d) Jobs created (maximum twenty points):

161 **Table 4 - Temporary and Permanent Jobs Created**

162 Category	Points Available	Points Scored	DED Use Only
163 ≥ 1,000	20		
164 ≥ 500 < 1,000	15		
165 ≥ 250 < 500	10		
166 < 250	0		

167 (e) Project cost (maximum twenty points):

168 **Table 5 - Total Project Cost**

169 Category	Points Available	Points Scored	DED Use Only
170 ≥ \$150M	20		
171 ≥ \$100M < \$150M	15		
172 ≥ \$25M < \$100M	10		
173 < \$25M	5		

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176 Applications with a score of less than seventy points shall receive a notice of denial from
 177 the department.

178 9. If the department deems the application sufficient, the taxpayer shall be
 179 notified in writing of the approval for an amount of tax credits equal to twenty-five
 180 percent of qualified conversion expenditures, less any amount of tax credits previously
 181 approved under this section. Credits approved under this section shall not be counted
 182 toward the total credits awarded to a project as the award relates to the project's
 183 scoring for this section. Such approvals shall be granted to applications in the order of
 184 priority established under this section and shall require full compliance thereafter with
 185 all other requirements of law as a condition to any claim for such credits. If the
 186 department disapproves an application, the taxpayer shall be notified in writing of the
 187 reasons for such disapproval. A disapproved application may be resubmitted.

188 10. Following approval of an application, the identity of the taxpayer contained
 189 in such application shall not be modified except:

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

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

198 **11. In the event that the department authorizes tax credits equal to the total**
199 **amount available under subsection 4 of this section, or sufficient that when totaled with**
200 **all other approvals, the amount available under subsection 4 of this section is exhausted,**
201 **all taxpayers with applications then awaiting approval or thereafter submitted for**
202 **approval shall be notified by the department that no additional approvals shall be**
203 **granted during the fiscal year and shall be notified of the priority given to such**
204 **taxpayer's application then awaiting approval. Such applications shall be kept on file**
205 **by the department and shall be considered for approval for tax credits in the order**
206 **established in this section in the event that additional credits become available due to the**
207 **rescission of approvals or when a new fiscal year's allocation of credits becomes**
208 **available for approval.**

209 **12. All taxpayers with applications receiving approval shall submit within one**
210 **hundred and twenty days following the award of credits evidence of the capacity of the**
211 **applicant to finance the costs and expenses for the conversion of the eligible property in**
212 **the form of a line of credit or letter of commitment subject to the lender's termination**
213 **for a material adverse change impacting the extension of credit. If the department**
214 **determines that a taxpayer has failed to comply with the requirements of this**
215 **subsection, the department shall notify the applicant of such failure and the applicant**
216 **shall have a thirty-day period from the date of such notice to submit additional evidence**
217 **to remedy the failure.**

218 **13. All taxpayers with applications receiving approval, excluding projects**
219 **described in subdivision (2) of subsection 4 of this section, shall commence conversion**
220 **within twelve months of the date of issuance of the letter from the department granting**
221 **the approval for tax credits. For the purposes of this subsection, "commence**
222 **conversion" shall mean that, as of the date in which actual physical work, contemplated**
223 **by the architectural plans submitted with the application, has begun, the taxpayer has**
224 **incurred no less than ten percent of the estimated costs of rehabilitation provided in the**
225 **application. Taxpayers with approval of a project shall submit evidence of compliance**
226 **with the provisions of this subsection. If the department determines that a taxpayer has**
227 **failed to comply with the requirements of this subsection, the approval for the amount of**
228 **tax credits for such taxpayer shall be rescinded and such amount of tax credits shall be**
229 **included in the total amount of tax credits from which approvals may be granted. Any**
230 **taxpayer whose approval shall be subject to rescission shall be notified of such from the**
231 **department and, upon receipt of such notice, may submit a new application for the**
232 **project.**

233 **14. To claim a tax credit authorized pursuant to this section, a taxpayer with**
234 **approval shall apply for final approval and issuance of tax credits from the department,**
235 **which shall determine the final amount of qualified conversion expenditures and**
236 **whether the completed rehabilitation meets the requirements of this section. A taxpayer**
237 **shall submit to the department a final application demonstrating:**

238 **(1) That the taxpayer has substantially converted a qualified converted building;**

239 **(2) Satisfactory evidence of any qualified conversion expenditures for the**
240 **structure, as determined by the department; and**

241 **(3) Any other information reasonably requested by the department.**

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243 **For financial institutions, tax credits authorized pursuant to this section shall be deemed**
244 **to be redevelopment tax credits for the purposes of sections 135.800 to 135.830. The**
245 **approval of all applications and the issuing of certificates of eligible tax credits to**
246 **taxpayers shall be performed by the department. The department shall inform a**
247 **taxpayer of final approval by letter and shall issue to the taxpayer tax credit certificates.**
248 **The taxpayer shall attach the certificate to all Missouri income tax returns on which the**
249 **credit is claimed.**

250 **15. (1) Except as expressly provided in this subsection, tax credit certificates**
251 **shall be issued in the final year that qualified conversion expenditures are incurred or**
252 **within the twelve-month period immediately following the conclusion of such**
253 **rehabilitation. In the event the amount of qualified conversion expenditures incurred**
254 **by a taxpayer would result in the issuance of an amount of tax credits in excess of the**
255 **amount provided under such taxpayer's approval granted under subsection 8 of this**
256 **section, such taxpayer may apply to the department for issuance of tax credits in an**
257 **amount equal to such excess. Applications for issuance of tax credits in excess of the**
258 **amount provided under a taxpayer's original application shall be made on a form**
259 **prescribed by the department. Such applications shall be subject to all provisions**
260 **regarding priority provided under subsection 7 of this section.**

261 **(2) For phased projects, the applicant shall submit a cost certification for each**
262 **project phase. All expenses that relate to the phase shall be included in the cost**
263 **certification form for that phase. Upon approval of the cost certification submitted and**
264 **the work completed on each phase of the project, the department shall issue eighty**
265 **percent of the amount of tax credits for which the applicant is approved for the phase.**
266 **The remaining twenty percent shall be issued upon the final conclusion of the phased**
267 **project.**

268 **16. The department shall determine, on an annual basis, the overall economic**
269 **impact to the state from the rehabilitation of eligible property pursuant to this section.**

270 **17. No taxpayer shall be issued tax credits for qualified conversion expenditures**
271 **on a qualified converted building within twenty-seven years of a previous issuance of tax**
272 **credits pursuant to this section on such qualified converted building.**

273 **18. The department may promulgate any rules and regulations necessary to**
274 **administer the provisions of this section. Any rule or portion of a rule, as that term is**
275 **defined in section 536.010, that is created under the authority delegated in this section**
276 **shall become effective only if it complies with and is subject to all of the provisions of**
277 **chapter 536 and, if applicable, section 536.028. This section and chapter 536 are**
278 **nonseverable and if any of the powers vested with the general assembly pursuant to**
279 **chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are**
280 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**
281 **proposed or adopted after August 28, 2025, shall be invalid and void.**

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