

FIRST REGULAR SESSION

HOUSE BILL NO. 501

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CHRIST.

1333H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 67.3000 and 67.3005, RSMo, and to enact in lieu thereof two new sections relating to tax credits for sporting events.

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

Section A. Sections 67.3000 and 67.3005, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 67.3000 and 67.3005, to read as follows:

67.3000. 1. As used in this section and section 67.3005, the following words shall mean:

(1) "Active member", an organization located in the state of Missouri which solicits and services sports events, sports organizations, and other types of sports-related activities in that community;

(2) "Applicant" or "applicants", one or more certified sponsors, endorsing counties, endorsing municipalities, or a local organizing committee, acting individually or collectively;

(3) "Certified sponsor" or "certified sponsors", a nonprofit organization which is an active member of the ~~[National Association of Sports Commissions]~~ **Sports Events and Tourism Association;**

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

(5) "Director", the director of revenue;

(6) ~~["Eligible costs" shall include:~~

~~(a) Costs necessary for conducting the sporting event;~~

~~(b) Costs relating to the preparations necessary for the conduct of the sporting event;~~

and

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.

17 ~~(e) An applicant's pledged obligations to the site selection organization as evidenced~~
18 ~~by the support contract for the sporting event including, but not limited to, bid fees and~~
19 ~~financial guarantees.~~

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21 ~~Eligible costs shall not include any cost associated with the rehabilitation or construction of~~
22 ~~any facilities used to host the sporting event or direct payments to a for-profit site selection~~
23 ~~organization, but may include costs associated with the retrofitting of a facility necessary to~~
24 ~~accommodate the sporting event;~~

25 ~~(7)~~ "Eligible donation", donations received, by a certified sponsor or local organizing
26 committee, from a taxpayer that may include cash, publicly traded stocks and bonds, and real
27 estate that will be valued and documented according to rules promulgated by the department.
28 Such donations shall be used solely to provide funding to attract sporting events to this state;

29 ~~[(8)]~~ (7) "Endorsing municipality" or "endorsing municipalities", any city, town,
30 incorporated village, or county that contains a site selected by a site selection organization for
31 one or more sporting events;

32 ~~[(9)]~~ (8) "Joinder agreement", an agreement entered into by one or more applicants,
33 acting individually or collectively, and a site selection organization setting out representations
34 and assurances by each applicant in connection with the selection of a site in this state for the
35 location of a sporting event;

36 ~~[(10)]~~ (9) "Joinder undertaking", an agreement entered into by one or more
37 applicants, acting individually or collectively, and a site selection organization that each
38 applicant will execute a joinder agreement in the event that the site selection organization
39 selects a site in this state for a sporting event;

40 ~~[(11)]~~ (10) "Local organizing committee", a nonprofit corporation or its successor in
41 interest that:

42 (a) Has been authorized by one or more certified sponsors, endorsing municipalities,
43 or endorsing counties, acting individually or collectively, to pursue an application and bid on
44 its or the applicant's behalf to a site selection organization for selection as the host of one or
45 more sporting events; or

46 (b) With the authorization of one or more certified sponsors, endorsing
47 municipalities, or endorsing counties, acting individually or collectively, executes an
48 agreement with a site selection organization regarding a bid to host one or more sporting
49 events;

50 (11) "Registered participant", an individual who is registered to compete in a
51 sporting event, or an athlete, coach, or other individual who is part of a team's official
52 contingent with an official capacity for such sporting event;

53 (12) "Site selection organization", the National Collegiate Athletic Association
54 (NCAA); an NCAA member conference, university, or institution; the National Association
55 of Intercollegiate Athletics (NAIA); the United States Olympic & Paralympic Committee
56 [~~USOC~~] (**USOPC**); a national governing body (NGB) or international federation of a sport
57 recognized by the [~~USOC~~] **USOPC**; the United States Golf Association (USGA); the United
58 States Tennis Association (USTA); the Amateur Athletic Union (AAU); the National
59 Christian College Athletic Association (NCCAA); the National Junior College Athletic
60 Association (NJCAA); the United States Sports Specialty Association (USSSA); any rights
61 holder member of the [~~National Association of Sports Commissions (NASC)] **Sports Events**
62 **and Tourism Association (Sports ETA)**; other major regional, national, and international
63 sports associations, and amateur organizations that promote, organize, or administer sporting
64 games or competitions; or other major regional, national, and international organizations that
65 promote or organize sporting events;~~

66 (13) "Sporting event" or "sporting events", an amateur, collegiate, or Olympic
67 sporting event that is competitively bid or is awarded by a site selection organization;

68 (14) "Support contract" or "support contracts", an event award notification, joinder
69 undertaking, joinder agreement, or contract executed by an applicant and a site selection
70 organization;

71 (15) "Tax credit" or "tax credits", a credit or credits issued by the department against
72 the tax otherwise due under chapter 143 or 148, excluding withholding tax imposed under
73 sections 143.191 to 143.265;

74 (16) "Taxpayer", any of the following individuals or entities who make an eligible
75 donation:

76 (a) A person, firm, partner in a firm, corporation, or a shareholder in an S corporation
77 doing business in the state of Missouri and subject to the state income tax imposed under
78 chapter 143;

79 (b) A corporation subject to the annual corporation franchise tax imposed under
80 chapter 147;

81 (c) An insurance company paying an annual tax on its gross premium receipts in this
82 state;

83 (d) Any other financial institution paying taxes to the state of Missouri or any
84 political subdivision of this state under chapter 148;

85 (e) An individual subject to the state income tax imposed under chapter 143;

86 (f) Any charitable organization which is exempt from federal income tax and whose
87 Missouri unrelated business taxable income, if any, would be subject to the state income tax
88 imposed under chapter 143.

89 2. An applicant may submit a copy of a support contract for a sporting event to the
90 department. Within sixty days of receipt of the sporting event support contract, the
91 department may review the applicant's support contract and certify such support contract if it
92 complies with the requirements of this section. Upon certification of the support contract by
93 the department, the applicant may be authorized to receive the tax credit under subsection 4 of
94 this section.

95 3. No more than ninety days following the conclusion of the sporting event, the
96 applicant shall submit ~~[eligible costs and documentation of the costs evidenced by receipts,~~
97 ~~paid invoices, event settlements, or other documentation in a manner prescribed by the~~
98 ~~department. Eligible costs may be paid by the applicant or an entity cohosting the event with~~
99 ~~the applicant]~~ **a ticket sales or box office statement verifying the total number of tickets**
100 **sold for such event, or, if such event was participant based, a list of all registered**
101 **participants.**

102 4. (1) ~~[No later than seven days following the conclusion of the sporting event, the~~
103 ~~department, in consultation with the director, shall determine the total number of tickets sold~~
104 ~~at face value for such event or, if such event was participant based and did not sell admission~~
105 ~~tickets, the total number of paid participant registrations.~~

106 ~~(2)~~ No later than sixty days following the receipt of ~~[eligible costs and]~~
107 documentation of ~~[such costs]~~ **ticket sales or registered participants** from the applicant
108 as required in subsection 3 of this section, the department shall, except for the limitations
109 under subsection 5 of this section, issue a **certificate for a** refundable tax credit to the
110 applicant for ~~[the least of]:~~

111 ~~(a) [One hundred percent of eligible costs incurred by the applicant;~~

112 ~~(b)]~~ An amount equal to ~~[five]~~ **six** dollars for every admission ticket sold to such
113 event; or

114 ~~(c)]~~ ~~(b)~~ An amount equal to ~~[ten]~~ **twelve** dollars for every ~~[paid]~~ **registered**
115 participant ~~[registration]~~ if such event was participant-based ~~[and did not sell admission~~
116 ~~tickets]~~.

117

118 The calculations under paragraphs ~~[(b)]~~ **(a)** and ~~[(c)]~~ **(b)** of this subdivision shall use the
119 actual number of tickets sold or ~~[registrations paid]~~ **registered participants**, not an estimated
120 amount.

121 **(2) The department of revenue shall pay the amount of the refundable tax credit**
122 **to the applicant within ninety days of the applicant's submission of a valid tax credit**
123 **certificate issued in accordance with subdivision (1) of this subsection.**

124 (3) Tax credits authorized by this section may be claimed against taxes imposed by
125 chapters 143 and 148 ~~[and shall be claimed within one year of the close of the tax year for~~

126 ~~which the credits were issued]. Tax credits authorized by this section [may] shall not be~~
127 ~~transferred, sold, or assigned [by filing a notarized endorsement thereof with the department~~
128 ~~that names the transferee, the amount of tax credit transferred, and the value received for the~~
129 ~~credit, as well as any other information reasonably requested by the department]. Tax credits~~
130 **authorized by this section shall be refundable at any time following issuance and shall**
131 **not be required to offset taxes estimated or otherwise due. If any taxpayer is awarded**
132 **tax credits under this section that are refunded to such taxpayer but the department of**
133 **revenue later determines that the taxpayer receiving the credits still owed taxes that**
134 **were not paid in the tax year the tax credit was applied, such taxpayer shall repay the**
135 **state an amount equal to the amount of the tax credits already refunded or the amount**
136 **of the taxpayer's tax liability still due, whichever is less. The department of revenue**
137 **may promulgate such rules as are necessary to administer such clawback provisions**
138 **under this subdivision.**

139 5. In no event shall the amount of tax credits issued by the department under
140 subsection 4 of this section exceed ~~[three]~~ **six** million dollars in any fiscal year. For all events
141 located within the following counties, the total amount of tax credits issued shall not exceed
142 ~~[two]~~ **five** million ~~[seven]~~ **five** hundred thousand dollars in any fiscal year:

143 (1) A county with a charter form of government and with more than six hundred
144 thousand inhabitants; or

145 (2) A city not within a county.

146 6. An applicant shall provide any information necessary as determined by the
147 department for the department and the director to fulfill the duties required by this section. At
148 any time upon the request of the state of Missouri, a certified sponsor shall subject itself to an
149 audit conducted by the state.

150 7. This section shall not be construed as creating or requiring a state guarantee of
151 obligations imposed on an endorsing municipality under a support contract or any other
152 agreement relating to hosting one or more sporting events in this state.

153 8. The department shall only certify an applicant's support contract for a sporting
154 event in which the site selection organization has yet to select a location for the sporting event
155 as of December 1, 2012. No support contract shall be certified unless the site selection
156 organization has chosen to use a location in this state from competitive bids, at least one of
157 which was a bid for a location outside of this state, except that competitive bids shall not be
158 required for any previously-awarded event whose site selection organization extends its
159 contractual agreement with the event's certified sponsor or for any ~~[post-season]~~ **neutral-site**
160 ~~collegiate [football game or other neutral site]~~ game with at least one out-of-state team.
161 Support contracts shall not be certified by the department after August 28, ~~[2025]~~ **2031,**

162 provided that the support contracts may be certified on or prior to August 28, ~~[2025]~~ **2031**, for
163 sporting events that will be held after such date.

164 9. The department may promulgate rules as necessary to implement the provisions of
165 this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is
166 created under the authority delegated in this section shall become effective only if it complies
167 with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.
168 This section and chapter 536 are nonseverable and if any of the powers vested with the
169 general assembly pursuant to chapter 536 to review, to delay the effective date, or to
170 disapprove and annul a rule are subsequently held unconstitutional, then the grant of
171 rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be invalid
172 and void.

67.3005. 1. For all tax years beginning on or after January 1, 2013, any taxpayer shall
2 be allowed a credit against the taxes otherwise due under chapter 143, 147, or 148, excluding
3 withholding tax imposed by sections 143.191 to 143.265, in an amount equal to fifty percent
4 of the amount of an eligible donation, subject to the restrictions in this section. The amount
5 of the tax credit claimed shall not exceed the amount of the taxpayer's state income tax
6 liability in the tax year for which the credit is claimed. Any amount of credit that the taxpayer
7 is prohibited by this section from claiming in a tax year shall not be refundable, but may be
8 carried forward to any of the taxpayer's two subsequent tax years.

9 2. To claim the credit authorized in this section, a certified sponsor or local organizing
10 committee shall submit to the department an application for the tax credit authorized by this
11 section on behalf of taxpayers. The department shall verify that the applicant has submitted
12 the following items accurately and completely:

13 (1) A valid application in the form and format required by the department;

14 (2) A statement attesting to the eligible donation received, which shall include the
15 name and taxpayer identification number of the individual making the eligible donation, the
16 amount of the eligible donation, and the date the eligible donation was received; and

17 (3) Payment from the certified sponsor or local organizing committee equal to the
18 value of the tax credit for which application is made.

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20 If the certified sponsor or local organizing committee applying for the tax credit meets all
21 criteria required by this subsection, the department shall issue a certificate in the appropriate
22 amount.

23 3. Tax credits issued under this section may be assigned, transferred, sold, or
24 otherwise conveyed, and the new owner of the tax credit shall have the same rights in the
25 credit as the taxpayer. Whenever a certificate is assigned, transferred, sold, or otherwise
26 conveyed, a notarized endorsement shall be filed with the department specifying the name

27 and address of the new owner of the tax credit or the value of the credit. In no event shall the
28 amount of tax credits issued by the department under this section exceed [~~ten~~] **five** million
29 dollars in any fiscal year.

30 4. The department shall promulgate rules to implement the provisions of this section.
31 Any rule or portion of a rule, as that term is defined in section 536.010, that is created under
32 the authority delegated in this section shall become effective only if it complies with and is
33 subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section
34 and chapter 536 are nonseverable and if any of the powers vested with the general assembly
35 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a
36 rule are subsequently held unconstitutional, then the grant of rulemaking authority and any
37 rule proposed or adopted after August 28, 2013, shall be invalid and void.

38 5. Under section 23.253 of the Missouri sunset act:

39 (1) The provisions of the [~~new~~] program authorized under section 67.3000 and under
40 this section shall automatically sunset six years after August 28, [~~2019~~] **2025**, unless
41 reauthorized by an act of the general assembly; and

42 (2) If such program is reauthorized, the program authorized under section 67.3000
43 and under this section shall automatically sunset **December thirty-first** twelve years after the
44 effective date of the reauthorization of these sections; and

45 (3) Section 67.3000 and this section shall terminate on September first of the calendar
46 year immediately following the calendar year in which the program authorized under these
47 sections is sunset.

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