

FIRST REGULAR SESSION

# HOUSE BILL NO. 900

103RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE MURRAY.

1963H.011

JOSEPH ENGLER, Chief Clerk

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## AN ACT

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

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*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 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;**

**(b) Such building has been substantially converted from an office use to a residential, retail, or other commercial use; 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.

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

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

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

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

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

32

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

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

41 3. (1) For all tax years beginning on or after January 1, 2026, the department  
42 shall issue a taxpayer a credit against the taxpayer's state tax liability equal to twenty-  
43 five percent of qualified conversion expenditures with respect to a qualified converted  
44 building, or thirty percent of qualified conversion expenditures with respect to upper  
45 floor housing located in a qualified Missouri main street district. If the amount of such  
46 tax credit exceeds the taxpayer's state tax liability for the year in which tax credits are  
47 issued, the amount that exceeds the state tax liability may be carried back to any of the  
48 three preceding tax years or carried forward for credit against state tax liability for the  
49 succeeding ten tax years, or until the full credit is used, whichever occurs first.

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

52 (3) Tax credits authorized for a partnership, a limited liability company taxed as  
53 a partnership, or multiple owners of property shall be passed through to the partners,

54 members, or owners respectively pro rata, or pursuant to an executed agreement among  
55 the partners, members, or owners documenting an alternate distribution method.

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

61 4. (1) The total amount of tax credits authorized pursuant to this section shall  
62 not exceed fifty million dollars in any fiscal year.

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

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

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

83 7. (1) To obtain approval for tax credits pursuant to this section, a taxpayer  
84 shall submit an application for tax credits to the department. Each application for  
85 approval, including any applications received for supplemental allocations of tax credits  
86 as provided pursuant to subsection 14 of this section, shall be prioritized in the order of  
87 submission.

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

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

96           **(b)** Floor plans of the existing structure, architectural plans, and, where  
97 applicable, plans of the proposed conversion of the structure, as well as proposed  
98 additions;

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

103           **(d)** Proof that the property is an eligible property;

104           **(e)** A copy of all land use and building approvals reasonably necessary for the  
105 commencement of the project; and

106           **(f)** Any other information which the department may reasonably require to  
107 review the project for approval.

108

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

122           **8. If the department deems the application sufficient, the taxpayer shall be**  
123 **notified in writing of the approval for an amount of tax credits equal to twenty-five**  
124 **percent of qualified conversion expenditures, less any amount of tax credits previously**  
125 **approved. Such approvals shall be granted to applications in the order of priority**  
126 **established under this section and shall require full compliance thereafter with all other**

127 requirements of law as a condition to any claim for such credits. If the department  
128 disapproves an application, the taxpayer shall be notified in writing of the reasons for  
129 such disapproval. A disapproved application may be resubmitted.

130       **9. Following approval of an application, the identity of the taxpayer contained in**  
131 **such application shall not be modified except:**

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

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

140       **10. In the event that the department authorizes tax credits equal to the total**  
141 **amount available pursuant to subsection 4 of this section, or sufficient that when totaled**  
142 **with all other approvals, the amount available pursuant to subsection 4 of this section is**  
143 **exhausted, all taxpayers with applications then awaiting approval or thereafter**  
144 **submitted for approval shall be notified by the department that no additional**  
145 **approvals shall be granted during the fiscal year and shall be notified of the priority**  
146 **given to such taxpayer's application then awaiting approval. Such applications shall be**  
147 **kept on file by the department and shall be considered for approval for tax credits in the**  
148 **order established in this section in the event that additional credits become available due**  
149 **to the rescission of approvals or when a new fiscal year's allocation of credits becomes**  
150 **available for approval.**

151       **11. All taxpayers with applications receiving approval shall submit within sixty**  
152 **days following the award of credits evidence of the capacity of the applicant to finance**  
153 **the costs and expenses for the conversion of the eligible property in the form of a line of**  
154 **credit or letter of commitment subject to the lender's termination for a material adverse**  
155 **change impacting the extension of credit. If the department determines that a taxpayer**  
156 **has failed to comply with the requirements of this subsection, then the department shall**  
157 **notify the applicant of such failure and the applicant shall have a thirty-day period from**  
158 **the date of such notice to submit additional evidence to remedy the failure.**

159       **12. All taxpayers with applications receiving approval, excluding projects**  
160 **described in subdivision (2) of subsection 4 of this section, shall commence conversion**  
161 **within nine months of the date of issuance of the letter from the department granting the**  
162 **approval for tax credits. For the purposes of this subsection, "commence conversion"**  
163 **shall mean that, as of the date in which actual physical work, contemplated by the**

164 architectural plans submitted with the application, has begun, the taxpayer has incurred  
165 no less than ten percent of the estimated costs of rehabilitation provided in the  
166 application. Taxpayers with approval of a project shall submit evidence of compliance  
167 with the provisions of this subsection. If the department determines that a taxpayer has  
168 failed to comply with the requirements of this subsection, the approval for the amount of  
169 tax credits for such taxpayer shall be rescinded and such amount of tax credits shall  
170 then be included in the total amount of tax credits from which approvals may be  
171 granted. Any taxpayer whose approval shall be subject to rescission shall be notified of  
172 such from the department and, upon receipt of such notice, may submit a new  
173 application for the project.

174       13. To claim a tax credit authorized pursuant to this section, a taxpayer with  
175 approval shall apply for final approval and issuance of tax credits from the department,  
176 which shall determine the final amount of qualified conversion expenditures and  
177 whether the completed rehabilitation meets the requirements of this section. A taxpayer  
178 shall submit to the department a final application demonstrating:

- 179       (1) That the taxpayer has substantially converted a qualified converted building;  
180       (2) Satisfactory evidence of any qualified conversion expenditures for the  
181 structure, as determined by the department; and  
182       (3) Any other information reasonably requested by the department.

183

184 For financial institutions, tax credits authorized pursuant to this section shall be deemed  
185 to be redevelopment tax credits for the purposes of sections 135.800 to 135.830. The  
186 approval of all applications and the issuing of certificates of eligible tax credits to  
187 taxpayers shall be performed by the department. The department shall inform a  
188 taxpayer of final approval by letter and shall issue, to the taxpayer, tax credit  
189 certificates. The taxpayer shall attach the certificate to all Missouri income tax returns  
190 on which the credit is claimed.

191       14. Except as expressly provided in this subsection, tax credit certificates shall be  
192 issued in the final year that qualified conversion expenditures are incurred, or within  
193 the twelve-month period immediately following the conclusion of such rehabilitation. In  
194 the event the amount of qualified conversion expenditures incurred by a taxpayer would  
195 result in the issuance of an amount of tax credits in excess of the amount provided under  
196 such taxpayer's approval granted pursuant to subsection 8 of this section, such taxpayer  
197 may apply to the department for issuance of tax credits in an amount equal to such  
198 excess. Applications for issuance of tax credits in excess of the amount provided under a  
199 taxpayer's application shall be made on a form prescribed by the department. Such

200 applications shall be subject to all provisions regarding priority provided under  
201 subsection 7 of this section.

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

204       **16. No taxpayer shall be issued tax credits for qualified conversion expenditures**  
205 **on a qualified converted building within twenty-seven years of a previous issuance of tax**  
206 **credits pursuant to this section on such qualified converted building.**

207       **17. The department may promulgate any rules and regulations necessary to**  
208 **administer the provisions of this section. Any rule or portion of a rule, as that term is**  
209 **defined in section 536.010, that is created under the authority delegated in this section**  
210 **shall become effective only if it complies with and is subject to all of the provisions of**  
211 **chapter 536 and, if applicable, section 536.028. This section and chapter 536 are**  
212 **nonseverable and if any of the powers vested with the general assembly pursuant to**  
213 **chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are**  
214 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**  
215 **proposed or adopted after August 28, 2025, shall be invalid and void.**

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