

HB 235 -- ANGEL INVESTMENT TAX CREDIT

SPONSOR: Gallick

This bill creates the "Missouri Angel Investment Incentive Act".

For all tax years beginning on or after January 1, 2026, this bill allows an investor to claim a tax credit in an amount equal to 40% of the investor's investment in the qualified securities of a qualified Missouri business, or 50% of the investor's investment if the qualified Missouri business is located in a rural county. If the amount of the tax credit exceeds the investor's tax liability in any one tax year, the credit may be carried forward for up to five subsequent tax years. No investor will receive more than \$75,000 in tax credits in a single year for contributions to a single qualified Missouri business, or receive more than \$300,000 in tax credits in total in a single tax year. A tax credit may be transferred by a qualified investor. The total amount of tax credits authorized in a single tax year by the Missouri Technology Corporation (MTC) must not exceed \$6 million for the 2026 and 2027 calendar years. Thereafter, the maximum amount of tax credits that may be authorized will be increased annually by 20%, provided that the maximum amount of tax credits was authorized in the previous year.

To be designated as a qualified Missouri business, a business must apply to the MTC, as specified in the bill. The designation of a business as a qualified Missouri business will be made annually by the MTC. In addition to other requirements specified in the bill, a qualified Missouri business must not have had annual gross revenues of more than \$5 million in the most recent tax year of the business, and the business must not have been in operation longer than five years if the business is not a bioscience business, or longer than 10 years if the business is a bioscience business. Each business that has been allocated tax credits by the MTC must submit a report containing certain information to the MTC before the tax credits are issued.

The State of Missouri will not be held liable for any damages to an investor that makes an investment in any qualified security of a qualified Missouri business, any business that applies to be a qualified Missouri business but is turned down, or any investor that makes an investment in a business that applies to be a qualified Missouri business but is turned down.

The MTC must annually review the activities undertaken by this bill to ensure compliance. If the MTC determines that a business is not in substantial compliance, it may inform the business that the business will lose its designation if it does not come into compliance within 120 days. If the business does not come into compliance, the MTC may revoke its designation. If a business loses its designation as a qualified Missouri business, it will be

precluded from being allocated any additional tax credits. However, investors in such a business will be entitled to keep all of the tax credits properly issued prior to the loss of designation by the business.

The MTC must report certain information annually to the Department of Economic Development, the Governor, the President Pro Tem of the Senate, and the Speaker of the House of Representatives.

This act sunsets on December 31, 2032.

This bill is similar to SCS SB 1178 (2024).