

HCS HBs 610 & 900 -- TAX CREDITS FOR DOWNTOWN REVITALIZATION

SPONSOR: Wilson

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Economic Development by a vote of 13 to 1. Voted "Do Pass" by the Standing Committee on Rules-Administrative by a vote of 7 to 1.

The following is a summary of the House Committee Substitute for HBs 610 & 900.

This bill establishes the "Revitalizing Missouri Downtowns and Main Streets Act".

For all tax years beginning on or after January 1, 2026, this bill authorizes a taxpayer to claim a tax credit equal to 25% of qualified conversion expenditures, as defined in the bill, or 30% of qualified conversion expenditures with respect to upper floor housing, as provided in the bill, incurred for converting nonresidential real property from office use to predominantly residential use, which may include retail or other commercial use. Authorized tax credits are not refundable, but may be carried back three years or carried forward 10 years. Tax credits may also be transferred, sold, or assigned, as specified in the bill.

The total amount of tax credits authorized pursuant to this bill must not exceed \$50 million in any fiscal year. Tax credits authorized for qualified converted buildings of more than 750,000 square feet must be allocated to the annual limit calculation over a period of 10 years, provided that certain conditions are met, as described in the bill.

Twenty-five percent of the maximum amount of tax credits available to be authorized will be authorized solely for upper floor housing projects located in a qualified Missouri main street district. If the total amount of the reserved tax credits have been authorized, projects located in a qualified Missouri main street district may receive tax credits from the remaining unreserved amount of tax credits. If the maximum amount of allowable tax credits is authorized in any given fiscal year, the maximum allowable amount will be increased by the percentage increase in inflation.

A taxpayer must apply to the Department of Economic Development to receive tax credits pursuant to this bill. The application must include information provided in the bill.

All taxpayers with applications receiving approval must submit, within 120 days following the award of credits, evidence of the

capacity of the applicant to finance the costs and expenses for the conversion of the eligible property. All taxpayers with applications receiving approval, excluding projects of more than 750,000 square feet, must commence conversion within 12 months of the date of issuance of the letter from the Department granting the approval for tax credits.

To claim an authorized tax credit, a taxpayer with approval must apply for final approval and issuance of tax credits from the Department, which will determine the final amount of qualified conversion expenditures and whether the completed rehabilitation meets the requirements of the bill. The final application must demonstrate that the taxpayer has substantially converted a qualified converted building; satisfactory evidence of any qualified conversion expenditures for the structure, as determined by the Department; and any other information reasonably requested by the Department.

The Department must determine, on an annual basis, the overall economic impact to the State from the rehabilitation of eligible property. No taxpayer will be issued tax credits for qualified conversion expenditures on a qualified converted building within 27 years of a previous issuance of tax credits pursuant to this act on the qualified converted building.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that the bill will add incentives for both small and large projects in municipalities and communities across Missouri. Supporters also say the bill addresses the hollowing out of downtown areas and the vacant office buildings.

Testifying in person for the bill were Representative Wilson; St. Louis Realtors; Missouri Realtors; Builders' of KC a Chapter of the AGC; Jarred Holst; Leonard Toennes, AGC of Missouri; St Joseph Legislative Partnership; NFIB; Missouri Bankers Association; Missouri Municipal League; Gayla Roten, Missouri Main Street Connection; Greater St. Louis Inc.; Missouri Chamber of Commerce and Industry; Missouri Economic Development Financing Association; Missouri Economic Development Council; Kurt Weigle, Greater St Louis Inc; Historic Revitalization For Missouri; and The Goldman Group.

OPPONENTS: Those who oppose the bill say that tax credits are abused, misused, lead to fraud and are public welfare. Historic buildings are valuable to communities, but there are numerous

duplicate programs through the Department of Economic Development investing in downtowns and in older buildings already.

Testifying in person against the bill was Arnie Dienoff.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.