

HCS HB 682 -- TAX CREDITS

SPONSOR: Casteel

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Economic Development by a vote of 14 to 0.

The following is a summary of the House Committee Substitute for HB 682.

Currently, qualified taxpayers can take a tax credit equal to 50% of a contribution made towards the physical revitalization, economic development, job training, or education for individuals, community services, and crime prevention under the Neighborhood Assistance Act. This bill increases the tax credit to 70% of such contributions (Section 32.115, RSMo).

Currently, qualified taxpayers may take a tax credit equal to 50% of contributions made to certain youth programs under the Youth Opportunities and Violence Prevention Tax Credit Act. This bill increases the tax credit to 70% of such contributions (Section 135.460).

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 cash investment in the qualified securities of a qualified Missouri business, or 50% of the investor's cash 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 remaining credit can 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 can 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 can 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, specified in the bill, to the MTC before the tax credits are issued (Section 348.273).

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

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 can 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 can 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 (Section 348.274).

This bill is the same as SB 1179 (2024) and similar to HB 2089 (2024).

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 this bill will be a game changer by incentivizing giving and donating for public good. This is a win-win-win with a return on investment in public good. This bill will allow for more parity. Supporters further say this bill will allow these non-profits benefiting from these benevolent tax credits to compete with other non-profits with tax credits that are already at the 70% level. This will allow more people to give more.

Testifying in person for the bill were Representative Casteel; Michael Meehen, Catholic Charities of St Louis; Jack Gamble, Missouri Alliance of YMCAS; and Missouri Coalition For Children.

OPPONENTS: Those who oppose the bill say that tax credits pick winners and losers. There are too many tax credits, and people use these tax credits as a commodity. Those who oppose the bill say that, as it relates to tax credits, there is a lot of fraud and abuse, and there are little to no returns on investment. Opponents believe that if someone donates, it should be out of the goodness of their own hearts.

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.