SS#2 SCS SB 3 -- TAXATION

SPONSOR: Gregory (21)

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Economic Development by a vote of 11 to 2, with 1 voting Present. Voted "Do Pass" by the Standing Committee on Rules-Administrative by a vote of 6 to 3.

TAX CREDITS FOR CERTAIN SPORTING EVENTS (Sections 67.3000 and 67.3005)

Current law authorizes a tax credit for costs incurred relating to the conduct of amateur and collegiate sporting events. This bill modifies such tax credit by requiring certified sponsors to be active members of the Sports Events and Tourism Association rather than of the National Association of Sports Commissions.

The bill also removes the definition of "eligible costs" and bases the amount of the tax credit on either the number of admission tickets sold or the number of registered participants.

This bill requires an applicant to submit a ticket sales or box office statement, or a list of registered participants, rather than documentation of eligible costs.

The amount of the tax credit will be equal to either $6 for every admission ticket sold, rather than $5, or $12 for every registered participant, rather than $10. The Department of Revenue will issue a refund of the tax credit within 90 days of the applicant's submission of a valid tax credit certificate, even prior to the close of the tax year for which the tax credits are issued.

Current law limits the total annual amount of tax credits to $3 million, with a limit of $2.7 million for events held in Jackson County or St. Louis City. This bill increases the limits to $6 million and $5.5 million, respectively.

The bill extends the sunset on the tax credit from August 28, 2025, to August 28, 2032 (Section 67.3000, RSMo.).

Current law also authorizes a tax credit in the amount of 50% of an eligible donation made to a certified sponsor or local organizing committee, with the total annual amount of the tax credits limited to $10 million. This bill reduces the allowable annual amount of tax credits to $500,000. This bill also extends the sunset on such tax credit from August 28, 2025, to August 28, 2032. (Section 67.3005)

Certain provisions of this bill will be effective beginning July 1, 2026.

These provisions are similar to SS SCS SB 80 and SCS SB 184 (2025); SCS SB 1036 (2024), SCS HCS HB 1483 (2024) and HCS HB 1935 (2024).

SHOW-ME SPORTS INVESTMENT ACT (Section 100.240)

This bill creates the "Show-Me Sports Investment Act". The Office of Administration and the Department of Economic Development are authorized to expend funds for the purpose of aiding and cooperating in the planning, undertaking, financing, or carrying out of an athletic and entertainment facility project.

Applicants must submit an application to the Department containing all information required by the Department, including the applicant's baseline year state tax revenues, as defined in the bill. The Director of the Department and the Commissioner of Administration may enter into an agreement with the applicant, provided the agreement meets all provisions of this bill.

An annual expenditure by the state will be subject to appropriation and must not be greater than an amount equal to the baseline year state tax revenues for the applicable professional sports franchise's athletic and entertainment facility. The term of state appropriations under such an agreement must not exceed 30 years and the annual amount of appropriation for the project must not exceed an amount equal to the baseline year state tax revenues for the athletic and entertainment facility of the professional sports franchise for any fiscal year. Further, the net bond proceeds of any bond supported by annual expenditures by the state must not exceed 50% of the total costs of the project. The Director and the Commissioner must be satisfied that there is sufficient public investment made by units of local government to support infrastructure or other needs generated by the project. If the owners of the professional sports franchise relocate any of the franchise or its facilities during the term of the agreement, it will be considered a default and the owners of the franchise must repay the state the amount of funds expended by the state under the agreement and the total debt service remaining for any outstanding bond indebtedness, as described in the bill.

The Missouri Development Finance Board may authorize any taxpayer to receive a tax credit in the amount of 50% of the amount contributed to the infrastructure development fund, provided that tax credits awarded under this bill for a project will not exceed 10% of the amount of private investment in the project or $50 million, whichever is less. The total of the tax credits may be issued over a maximum of three calendar years. Tax credits may be carried forward up to five years, and may be transferred or sold. If the owners of the franchise default on the agreement, the amount of tax credits issued must be repaid, as described in the bill.

This provision is similar to SS SCS SB 80 (2025).

TAX CREDIT FOR HOMESTEAD DAMAGE (Section 135.445)

For all tax years beginning on or after January 1, 2025, this bill authorizes a taxpayer to claim a tax credit in an amount not to exceed $5,000 for the insurance deductible incurred by the taxpayer during the 2025 calendar year as a direct result of a disaster for which a request for a presidential disaster declaration has been made by the Governor.

Tax credits authorized in this bill are not refundable but may be transferred, sold, or assigned. Tax credits may be carried forward to any of the taxpayer's 29 subsequent tax years or until the full amount of the tax credit is redeemed, whichever is earlier. For the 2026 fiscal year, the Department of Revenue will not redeem tax credits in an amount that exceeds $90 million. For all subsequent fiscal years ending with the 2055 fiscal year, the Department will not redeem tax credits authorized by this section in an amount that exceeds $45 million in any given year. Any taxpayer that is unable to redeem a tax credit in any tax year may carry forward the tax credit to a subsequent tax year.

No new tax credits will be authorized after December 31, 2025.

PROPERTY TAX CREDIT (Section 137.1120)

This bill requires certain counties to place on the ballot by no later than the April 2026 general election a question of whether to grant a property tax credit to eligible taxpayers residing in such county. Eligible taxpayers are defined as residents who:

1) Are the owners of record of or have a legal or equitable interest in a homestead; and

2) Are liable for the payment of real property taxes on such homestead.

The amount of the property tax credit will be equal to the difference between the real property tax liability on the homestead in a given year minus the real property tax liability on the homestead in the year in which the taxpayer became an eligible taxpayer, provided that, for 5% counties, the real property tax liability on an eligible taxpayer's homestead as determined in the taxpayer's initial credit year may be increased by no more than 5%

per year or the percent increase in the Consumer Price Index, whichever is greater, and, for 0% counties, the real property tax liability on an eligible taxpayer's homestead will not be increased above the liability incurred during the initial credit year.

A credit granted pursuant to this bill will be applied when calculating the eligible taxpayer's property tax liability for the tax year. The amount of the credit must be noted on the statement of tax due sent to the eligible taxpayer by the county collector.

The amount of property tax credits authorized by a county pursuant to this bill will be considered tax revenue actually received by the county for the purposes of calculating property tax levies.

SEVERABILITY CLAUSE

This bill contains a severability clause (Section B).

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, if the state of Kansas were to coax away the Kansas City Chiefs, the State of Missouri would lose upwards of 13,000 jobs as well as $2 billion in revenue. Both the Kansas City Chiefs and the Kansas City Royals play an integral role in the cultural fabric of the city and State, in terms of pride and sense of communal belonging. Supporters further say that the recent success of the Chiefs has created something of a worldwide phenomenon, which has in turn put Missouri on the map. If one or both of these sports franchises were to leave, the negative ripple effect would be devastating for the local and state economies, especially in light of the fact that the teams bring in annual revenues estimated to be hundreds of millions of dollars. Supporters say that extending the sunset provisions for the sports contracts tax credits is vital to making sure that Missouri continues to attract collegiate and other amateur sporting events. Supporters say that, unless a system of tax credits is delivered to Missouri real estate owners, those people will be at an increased risk of being taxed out of their homes. If local assessments continue to rise every two years, more and more taxpayers will have no choice but to sell their houses because the property will have become to expensive to keep.

Testifying in person for the bill were Senator Gregory; Mechanical Contractors Association of Kansas City; Jackson County Legislature; Visit Springfield; Branson Lakes Area Chamber of Commerce; City of Independence; and St. Louis Convention And Visitors Commission.

OPPONENTS: Those who oppose the bill say that the tax package for the Kansas City (KC) sports franchises is nothing more than a personal loan to a private business. Opponents say that the bill allows the KC Chiefs to receive back the taxes they already paid to the State, which would have been tax revenue that goes to provide much needed local and state services for all citizens. This sort of corporate welfare does nothing to ensure that the KC Chiefs stay in Kansas City; rather, it ensures that a mega-corporation can leverage two adjacent states into a bidding war to see who will commit the most tax dollars. Opponents further point out that the citizens of Jackson County already voted down a tax proposal to build a stadium, but those citizens did not want to give a multi-billion dollar corporate a subsidy. Opponents further say that the real estate property tax credit freezes is unconstitutional because it benefits certain groups of people arbitrarily. If the property tax plan goes into effect, the almost assured end result will be an increase at the local level of other taxes, or the creation of new taxing districts, to try and make up for the loss. Instead, all Missouri citizens, not just those who live in certain counties, should receive the same kind of tax break.

Testifying in person against the bill were County Commissioners Association of Missouri; Missouri NEA; Missouri School Boards' Association; and Tony Shepherd.

OTHERS: Others testifying on the bill say the Missouri tax revenue that is to be bonded toward the construction of a new stadium and/or athletic complex will be the exact amount of revenue that the state of Missouri would end up losing if in fact the KC Chiefs were to relocate. The Department of Economic Development has been deeply involved in the crafting of the economic package to keep the Chiefs in Missouri.

Testifying in person on the bill was Michelle Hataway, Director of the Department of Economic Development.

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.