

SECOND REGULAR SESSION

HOUSE BILL NO. 2639

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HINMAN.

6033H.01I

JOSEPH ENGLER, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to tax credits for certain contributions to law enforcement foundations.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.590, to read as follows:

135.590. 1. This section shall be known and may be cited as the "Law Enforcement Strategic Support Act" or the "LESS Crime Act".

2. As used in this section, the following terms mean:

(1) "Contribution", a donation of cash, stock, bonds, or other marketable securities;

(2) "Department", the department of revenue;

(3) "Law enforcement foundation", any domestic nonprofit corporation with the sole function of supporting one local law enforcement unit through a formal relationship recognized by such local law enforcement unit and that maintains nonprofit status under Section 501(c)(3) of the Internal Revenue Code, as amended;

(4) "Local law enforcement unit", any agency office, or department of a county, municipality, or consolidated government of this state whose primary functions include the enforcement of criminal or traffic laws, preservation of public order, protection of life and property, or the prevention, detection, or investigation of crime. Such term shall include any sheriff's office in this state. Such term shall not include any agency, office, or department conducting similar functions for any court, state board, state authority, or other state law enforcement division or department;

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 (5) "Qualified contribution", the preapproved contribution of funds by a
19 taxpayer to a qualified law enforcement foundation under this section;

20 (6) "Qualified expenditures", expenditures made by a qualified law enforcement
21 foundation:

22 (a) a. For salary supplements paid no more than twice annually or training
23 provided directly to law enforcement officers employed by the local law enforcement
24 unit affiliated with such qualified law enforcement foundation; or

25 b. For the purchase, lease, maintenance, or improvement of equipment to be
26 used by such officers; or

27 (b) To cover any costs incurred by the local law enforcement unit for the
28 operation of an emergency response team that combines law enforcement officers and
29 behavioral health specialists, provided that such costs shall not include salaries or other
30 regular compensation;

31 (7) "Qualified law enforcement foundation", any law enforcement foundation
32 that has been designated as the sole local law enforcement foundation for a single local
33 law enforcement unit and has been certified and listed as provided under this section;

34 (8) "Tax credit", a credit against the tax otherwise due under chapter 143,
35 excluding withholding tax imposed under sections 143.191 to 143.265;

36 (9) "Taxpayer", any individual, firm, partnership, partner in a firm or
37 partnership, corporation, shareholder in an S corporation, or member of a limited
38 liability company subject to the state income tax imposed under chapter 143, excluding
39 the withholding tax imposed under sections 143.191 to 143.265.

40 3. For all tax years beginning on or after January 1, 2027, a taxpayer shall be
41 allowed to claim a tax credit against the taxpayer's state tax liability for qualified
42 contributions made by the taxpayer as follows:

43 (1) In the case of a taxpayer with a filing status of single, the actual amount of
44 qualified contributions made or five thousand dollars per tax year, whichever is less;

45 (2) In the case of a taxpayer with a filing status of married filing combined, the
46 actual amount of qualified contributions made or ten thousand dollars per tax year,
47 whichever is less;

48 (3) In the case of an individual taxpayer who is a member of a limited liability
49 company duly formed under state law, a shareholder of an S corporation, or a partner
50 in a partnership, the actual amount of qualified contributions it made or ten thousand
51 dollars per tax year, whichever is less, provided, however that tax credits under this
52 subdivision shall only be allowed for the portion of the income on which such tax was
53 actually paid by such member, shareholder, or partner; or

54 (4) A corporation or other entity not subject to subdivisions (1) to (3) of this
55 subsection, the actual amount of qualified contributions made or seventy-five percent of
56 such corporation's or other entity's income tax liability, whichever is less.

57 4. The cumulative amount of tax credits allowed to all taxpayers under this
58 section shall not exceed seventy-five million dollars per calendar year. If the amount of
59 tax credits claimed in a tax year under this section exceeds seventy-five million dollars,
60 tax credits shall be allowed based on the order in which they are claimed. Each
61 qualified law enforcement foundation shall be limited to accepting three million dollars
62 per calendar year of qualified contributions made under the provisions of this section.

63 5. Nothing in this section shall be construed to limit the ability of a local law
64 enforcement unit to receive gifts, grants, and other benefits from any source allowed by
65 law, provided, however, that no local law enforcement unit shall accept or receive more
66 than three million dollars per calendar year in qualified contributions under this
67 section.

68 6. (1) No credit shall be allowed under this section to a taxpayer for any amount
69 of qualified contributions that were utilized as deductions or exemptions from taxable
70 income.

71 (2) In no event shall the total amount of a tax credit redeemed under this section
72 for a tax year exceed the taxpayer's income tax liability for such tax year. Tax credits
73 issued under the provisions of this section shall not be refundable. Any unused tax
74 credit under this section may be carried forward to apply against the succeeding five tax
75 years' tax liability. No tax credit claimed under this section shall be allowed the
76 taxpayer against prior years' tax liability.

77 (3) No tax credit claimed under this section shall be assigned, transferred, sold,
78 or otherwise conveyed.

79 7. The department shall establish a page on the department's website for the
80 purpose of implementing this section. Such page shall contain, at a minimum:

81 (1) The application and requirements to be certified as a qualified law
82 enforcement foundation;

83 (2) The current list of all qualified law enforcement foundations and their
84 affiliate law enforcement units;

85 (3) The total amount of tax credits remaining and available for preapproval for
86 each year;

87 (4) A web-based method for taxpayers seeking the preapproval status for
88 qualified contributions; and

89 (5) The information received by the department from each qualified law
90 enforcement foundation under subdivision (1) of subsection 11 of this section except for
91 subparagraph d. of paragraph (b) of subdivision (1) of subsection 11 of this section.

92 8. Any valid law enforcement foundation seeking approval as a qualified law
93 enforcement foundation shall be certified by the department following the department's
94 receipt of a properly completed application and after the department has confirmed that
95 a single local law enforcement unit has validly designated the applicant as its sole law
96 enforcement foundation. Such application shall be prescribed by the department and
97 shall include an agreement by the applicant to fully comply with the terms and
98 conditions of this section.

99 9. (1) Prior to making a contribution to any qualified law enforcement
100 foundation, the taxpayer shall electronically notify the department, in a manner
101 specified by the department, of the total amount of the contribution that such taxpayer
102 intends to make to such qualified law enforcement foundation.

103 (2) Within thirty days of the date the request for preapproval of a contribution
104 was received, the department shall preapprove, deny, or prorate a requested
105 contribution amount on a first-come, first-served basis and shall provide notice to
106 such taxpayer and the qualified law enforcement foundation of such preapproval,
107 denial, or proration. Such notices shall not require any signed release or notarized
108 approval by the taxpayer. The preapproval of contributions by the department shall be
109 based solely on the availability of tax credits subject to the limits established under this
110 section.

111 (3) Within sixty days of the date the preapproval notice was issued by the
112 department, the taxpayer shall contribute the preapproved contribution amount to the
113 qualified law enforcement foundation or such preapproved contribution amount shall
114 expire. The department shall not include such expired amounts in determining the
115 remaining amount of tax credits available under the aggregate limit for the respective
116 calendar year.

117 10. (1) Each qualified law enforcement foundation shall issue to each taxpayer
118 making a qualified contribution a letter of confirmation of the qualified contribution,
119 which shall include the taxpayer's name, address, tax identification number, the amount
120 of the qualified contribution, the date of the qualified contribution, and the total amount
121 of the credit allowed to the taxpayer.

122 (2) In order for a taxpayer to claim the tax credit allowed under this section, all
123 such applicable letters as provided under this subsection shall be attached to the
124 taxpayer's income tax return. When the taxpayer files an electronic return, such
125 confirmation shall only be required to be electronically attached to the income tax

return if the Internal Revenue Service allows such attachments to be affixed and transmitted to the department. In any such event, the taxpayer shall maintain such confirmation and shall provide such confirmation to the department upon request.

(3) The department shall allow tax credits for any preapproved qualified contributions made to a local law enforcement foundation at the time the contributions were made if such foundation was a qualified law enforcement foundation at the time of the department's preapproval of the contributions and the taxpayer has otherwise complied with this section.

11. (1) Each qualified law enforcement foundation shall annually submit to the department:

(a) A complete copy of its Internal Revenue Service Form 990 and other applicable attachments, or for any qualified law enforcement foundation that is not required by federal law to file a Form 990, such foundation shall submit to the department equivalent information on a form prescribed by the department; and

(b) A report detailing the contributions received during the calendar year under this section on a date determined by, and on a form provided by, the department which shall include:

a. The total number and dollar value of individual contributions and tax credits approved. Individual contributions shall include contributions made by taxpayers filing income tax returns as a single individual and taxpayers filing income tax returns as married combined;

b. The total number and dollar value of corporate contributions and tax credits approved;

c. The total number and dollar value of all qualified expenditures made; and

d. A list of taxpayer contributors, including the dollar value of each contribution and the dollar value of each approved tax credit.

(2) Notwithstanding any provision of section 105.1500 to the contrary, any requirement to provide information, documents, or records under this section, and any requirement established by the department to provide information, documents, or records for the purpose of administering and enforcing this section, shall be exempt from section 105.1500.

(3) Except for the information published in accordance with subsections 7 and 12 of this section, all information or reports relative to this section that were provided by qualified law enforcement foundations to the department shall be confidential taxpayer information as provided under section 32.057 and any other confidential provision of state tax law, whether such information relates to the taxpayer or the qualified law enforcement foundation.

12. Each qualified law enforcement foundation shall publish on its website a copy of its affiliated local law enforcement unit's prior year's annual budget containing the total amount of funds received from its local governing body. If a qualified law enforcement foundation does not maintain a public website, such information shall be otherwise made available by the qualified law enforcement foundation to the public upon request.

13. (1) A taxpayer shall not be allowed to designate or direct the taxpayer's qualified contributions to any particular purpose or for the direct benefit of any particular individual.

(2) A taxpayer that operates, owns, is affiliated with, or is a subsidiary of an association, organization, or other entity that contracts directly with a qualified law enforcement foundation or the local law enforcement unit that is affiliated with a qualified law enforcement foundation shall not be eligible for tax credits allowed under this section for contributions made to such qualified law enforcement foundation.

(3) In soliciting contributions, no person shall represent or direct that, in exchange for making qualified contributions to any qualified law enforcement foundation, a taxpayer shall receive any direct or particular benefit. The status as a qualified law enforcement foundation shall be revoked for any law enforcement foundation determined to be in violation of this subdivision and shall not be renewed for at least two years.

14. (1) Qualified contributions shall only be used for qualified expenditures. Each qualified law enforcement foundation shall maintain accurate and current records of all expenditures of qualified contributions and provide such records to the department upon request.

(2) A qualified law enforcement foundation that fails to comply with any of the requirements under this section shall be given written notice by the department of such failure to comply by certified mail and shall have ninety days from the date of the receipt of such notice to correct all deficiencies.

(3) Upon failure to correct all deficiencies within ninety days, the department shall revoke the law enforcement foundation's status as a qualified law enforcement foundation and such entity shall be immediately removed from the department's list of qualified law enforcement foundations. All applications for preapproval of tax credits for contributions to such law enforcement foundation under this section made on or after the date of such removal shall be rejected.

(4) Each law enforcement foundation that has had its status revoked and has been removed from the department's list under this section shall immediately cease all expenditures of funds received relative to this section, and shall transfer all of such

200 funds that are not yet expended to a properly operating qualified law enforcement
201 foundation within thirty calendar days of its removal from the department's list of
202 qualified law enforcement foundations.

203 15. The department of revenue shall promulgate all necessary rules and
204 regulations for the administration of this section including, but not limited to, rules
205 relating to the verification of a taxpayer's qualified amount. Any rule or portion of a
206 rule, as that term is defined in section 536.010, that is created under the authority
207 delegated in this section shall become effective only if it complies with and is subject to
208 all of the provisions of chapter 536 and, if applicable, section 536.028. This section and
209 chapter 536 are nonseverable and if any of the powers vested with the general assembly
210 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
211 a rule are subsequently held unconstitutional, then the grant of rulemaking authority
212 and any rule proposed or adopted after August 28, 2026, shall be invalid and void.

213 16. Under section 23.253 of the Missouri sunset act:

214 (1) The provisions of the new program authorized under this section shall sunset
215 six years after the effective date of this section unless reauthorized by an act of the
216 general assembly;

217 (2) This section shall terminate on September first of the calendar year
218 immediately following the calendar year in which the program authorized under this
219 section is sunset; and

220 (3) Nothing in this subsection shall prevent a taxpayer from claiming a tax credit
221 properly issued before this program was sunset in a tax year after the program is sunset.

✓