

HOUSE BILL NO. 3231

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CHRIST.

6321H.02I

JOSEPH ENGLER, Chief Clerk

AN ACT

To amend chapter 620, RSMo, by adding thereto nine new sections relating to the Missouri innovation, public safety, and accountability act.

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

Section A. Chapter 620, RSMo, is amended by adding thereto nine new sections, to
2 be known as sections 620.6000, 620.6003, 620.6006, 620.6009, 620.6012, 620.6015,
3 620.6018, 620.6021, and 620.6024, to read as follows:

**620.6000. 1. Sections 620.6000 to 620.6024 shall be known and may be cited as
2 the "Missouri Innovation, Public Safety, and Accountability Act".**

3 2. As used in sections 620.6000 to 620.6024, the following terms mean:

**4 (1) "Application", a written submission by a project sponsor seeking one or
5 more economic development incentives authorized under sections 620.6000 to 620.6024
6 for a project located within an innovation district, consisting of:**

7 (a) A description of the proposed project;

8 (b) Documentation sufficient to demonstrate eligibility for the incentives sought;

9 and

10 (c) Information necessary to evaluate the project under the master scorecard.

**11 An application shall be deemed submitted upon delivery in the form prescribed by rule
12 and shall not be deemed incomplete except for failure to provide information expressly
13 required by such rule;**

**14 (2) "City", any incorporated city, town, or municipality organized under the
15 laws of the state of Missouri;**

16 (3) "Department", the Missouri department of economic development;

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.

17 (4) "Executive branch", the chief executive officer of a participating city and any
18 department, agency, or officer acting under the authority of such chief executive officer,
19 consistent with the city's form of government to administer, oversee, and carry out the
20 responsibilities of an innovation district authorized under sections 620.6000 to 620.6024;

21 (5) "Innovation district", a locally designated geographic area within a
22 participating city that overlays its historic downtown, central business district, or
23 Missouri main street district, as applicable;

24 (6) "Innovation district master plan", a locally prepared plan submitted by the
25 executive branch to the department under sections 620.6000 to 620.6024, identifying
26 district boundaries, existing conditions, and reinvestment priorities within the
27 innovation district;

28 (7) "Main street district", an accredited, associated, or affiliated main street
29 district of the Missouri main street program created under sections 251.470 to 251.485;

30 (8) "Master scorecard", the framework established under sections 620.6000 to
31 620.6024 for evaluating project-level development incentives within an innovation
32 district;

33 (9) "Participating city", a city that has voluntarily elected to establish an
34 innovation district and is eligible to participate in programs authorized under sections
35 620.6000 to 620.6024;

36 (10) "Reviewing authority", the local governing body, commission, board, or
37 state agency authorized by law to approve or administer an incentive for which an
38 application is submitted.

39 3. There is hereby established the "Innovation District Program", a framework
40 through which cities may qualify for state-authorized economic incentives.

41 4. No city shall be required to establish an innovation district. A city that elects
42 to participate shall do so in partnership with the state and in accordance with the
43 requirements of sections 620.6000 to 620.6024 and applicable rules promulgated by the
44 department.

45 5. Nothing in sections 620.6000 to 620.6024 shall be construed to supersede local
46 authority over land use, zoning, or building codes.

47 6. (1) A city may apply to the department for designation of an innovation
48 district by submitting an innovation district master plan for approval under the
49 requirements of this section.

50 (2) No local legislative act, ordinance, or resolution shall be required as a
51 prerequisite to designation of an innovation district under this section.

52 **(3) Upon approval of the innovation district master plan by the department, the**
53 **innovation district shall be deemed designated for purposes of sections 620.6000 to**
54 **620.6024.**

55 **(4) The executive branch shall:**

56 **(a) Prepare and submit the innovation district master plan;**

57 **(b) Coordinate with the department and local reviewing authorities regarding**
58 **district-level implementation;**

59 **(c) Provide oversight of district-level reinvestment mechanisms authorized**
60 **under sections 620.6000 to 620.6024; and**

61 **(d) Perform such other functions as may be necessary to carry out the purposes**
62 **of the innovation district program.**

63 **7. An innovation district master plan submitted to the department shall include:**

64 **(1) The proposed innovation district geographic boundaries;**

65 **(2) Identification of vacant or underutilized property for the purpose of**
66 **demonstrating where and how incentives authorized under sections 620.6000 to**
67 **620.6024 are expected to be deployed and the impact such incentives are intended to**
68 **have;**

69 **(3) Public safety and infrastructure priorities;**

70 **(4) A general strategy for surplus or incremental state revenues captured under**
71 **sections 620.6000 to 620.6024; and**

72 **(5) High-level projections of anticipated housing units, jobs, business, and**
73 **population impacts.**

74 **8. A city shall not be permitted more than one innovation district and the**
75 **department shall not consider multiple proposals from a city.**

76 **9. The department's approval authority shall be limited to determining whether**
77 **the proposed innovation district boundaries are reasonable in geography and are**
78 **generally consistent with this section. All other information required to be included in**
79 **the master plan shall be informational in nature and shall not be subject to**
80 **discretionary approval, modification, or denial by the department. The department**
81 **shall approve the innovation district master plan within forty-five calendar days of**
82 **receipt of a complete application. Failure to act within this period shall constitute**
83 **automatic approval, provided the submitted plan satisfies all applicable requirements.**

84 **10. (1) Upon designation of an innovation district, the following state-**
85 **administered incentives shall be made available within the district, subject to the terms**
86 **of sections 620.6000 to 620.6024 and administered by the applicable state agency:**

87 **(a) Missouri income tax exemption;**

88 **(b) Missouri opportunity zone;**

89 (c) Office-to-residential tax credit;

90 (d) State sales tax reinvestment and withholdings reinvestment, where
91 authorized; and

92 (e) Any other incentive expressly authorized by state law to be administered by a
93 state agency within an innovation district.

94 (2) Upon designation of an innovation district, the following locally administered
95 incentives may be made available within the district, subject to the terms of sections
96 620.6000 to 620.6024 and administered by the applicable local governing body:

97 (a) Property tax abatement; and

98 (b) Tax increment financing.

99 (3) Eligibility for incentives within an innovation district shall be determined on
100 a project-by-project basis.

101 (4) Upon designation of an innovation district, the incentives under sections
102 620.6000 to 620.6024 shall apply within the district to otherwise eligible projects by
103 operation of law. No ordinance, resolution, policy, or practice adopted by a
104 participating city shall have the effect of limiting, suspending, conditioning, or
105 rendering unavailable any such incentives within the district.

106 11. (1) The department shall adopt and administer a single, standardized master
107 scorecard to evaluate incentives for projects located within an innovation district. A
108 participating city and the department shall apply the master scorecard uniformly and
109 exclusively and shall not adopt, substitute, supplement, or modify alternative scoring
110 criteria for such projects.

111 (2) The master scorecard shall apply only to the following incentives authorized
112 under state law and administered or approved at the local or state level:

113 (a) Property tax abatement;

114 (b) Tax increment financing; and

115 (c) The office-to-residential tax credit.

116 (3) The master scorecard shall:

117 (a) Establish uniform criteria for evaluating project-level incentives within the
118 innovation district;

119 (b) Provide predictability and transparency regarding baseline incentive
120 eligibility;

121 (c) Rank projects based on measurable outcome;

122 (d) Establish intermediate incentive tiers for projects scoring below the
123 department's threshold for full eligibility; and

124 (e) Assign project applications to incentive tiers based on their normalized score,
125 as established by rule of the department.

126 (4) A project that achieves a normalized score of one hundred points shall be
127 entitled to the most favorable incentive package available under state law for each
128 incentive governed by the master scorecard, subject only to statutory limitations
129 applicable to such incentive.

130 (5) Nothing in sections 620.6000 to 620.6024 shall be construed to prohibit or
131 limit a local governing authority from awarding additional or enhanced local or locally
132 administered incentives beyond those indicated by a project's score.

133 (6) Nothing in sections 620.6000 to 620.6024 shall be construed to authorize the
134 reduction, abatement, diversion, or impairment of any existing revenues of the
135 participating city. Any property tax abatement or tax increment financing incentive
136 evaluated under the master scorecard shall apply solely to net-new assessed value, net-
137 new tax increment, or net-new property tax revenues.

138 (7) Any denial, limitation, reduction, or conditioning of an incentive governed by
139 this section that is based on criteria inconsistent with the master scorecard or sections
140 620.6000 to 620.6024 shall be invalid, and the applicant shall be entitled to
141 administrative and judicial remedies as provided by law.

142 12. (1) The master scorecard shall evaluate projects based on the following
143 categories for purposes of determining incentive tiers:

- 144 (a) Housing activation, rehabilitation, and creation;
- 145 (b) Affordability;
- 146 (c) Ground-floor activation and tenant improvements;
- 147 (d) Community improvements and neighborhood connectivity;
- 148 (e) Historic preservation;
- 149 (f) Access, mobility, and infrastructure;
- 150 (g) Family-oriented design;
- 151 (h) Resident amenities and quality of life features;
- 152 (i) Economic impact and stabilization;
- 153 (j) Workforce practices, procurement, and stewardship.

154

155 The department shall assign point values to each category by rule, consistent with this
156 section. Applicability of categories shall be determined under criteria established by
157 rule and shall not be subject to applicant election.

158 (2) No scoring category shall be weighed or applied in a manner that:

- 159 (a) Accounts for a disproportionate share of the total score;
- 160 (b) Causes the category to function as a mandatory prerequisite for approval; or
- 161 (c) Has the practical effect of requiring a specific policy outcome as a condition
162 of receiving an incentive governed by this section.

163

164 **Participation in, or compliance with, any scoring category including, but not limited to,**
165 **affordability, prevailing wage practices, or minority or women-owned business**
166 **participation shall be voluntary and encouraged only through scoring and not as a**
167 **requirement.**

168 **13. (1) The reviewing authority shall issue a written determination approving or**
169 **denying an application for incentives under sections 620.6000 to 620.6024 within forty-**
170 **five calendar days.**

171 **(2) Failure of a reviewing authority to issue a written determination within the**
172 **applicable review period shall result in deemed approval of the application.**

173 **(3) If a reviewing authority fails to issue the required ministerial confirmation of**
174 **a deemed approval, the department shall, upon request of the applicant, issue a written**
175 **certification of deemed approval within forty-five calendar days. Failure of the**
176 **department to issue such certification within the prescribed period shall not impair the**
177 **effectiveness of the deemed approval.**

620.6003. 1. In order to maintain designation as an innovation district, a
2 **participating city shall, within six months of designation, adopt, establish, or designate**
3 **the policies, processes, and authorities set forth in this section and shall thereafter**
4 **maintain such commitment on an ongoing basis.**

5 **2. A participating city shall establish a fast-track permitting process or "One-**
6 **Stop Shop" for projects located within an innovation district, which shall include**
7 **designation of a single, empowered point of contact, either an individual or a designated**
8 **group, within local government, authorized to coordinate reviews and issue binding**
9 **determinations on behalf of all relevant departments, agencies, and offices exercising**
10 **permitting, entitlement, inspection, or approval authority over the project including,**
11 **but not limited to, building, fire, and life safety, zoning, planning, and permitting.**

12 **3. (1) The participating city shall provide:**

13 **(a) A clear and accessible application process;**

14 **(b) Coordinated interdepartmental review; and**

15 **(c) Issuance of an approval or denial within forty-five calendar days of**
16 **submission of a complete application.**

17 **(2) If a complete application is not approved or denied within forty-five calendar**
18 **days of submission, the application shall be deemed approved by operation of law,**
19 **provided that the proposed project does not violate applicable zoning requirements or**
20 **life safety and fire safety codes.**

21 **(3) Nothing in this subsection shall be construed to waive or diminish compliance**
22 **with zoning, structural, fire safety, or life safety requirements.**

23 **4. (1) A participating city shall adopt a policy to waive, reduce, or defer**
24 **discretionary, duplicative, or extraordinary permit and development fees for projects**
25 **located within the innovation district.**

26 **(2) Such policy shall not require waiver of fees necessary to support the baseline**
27 **health, staffing, and operation of the building department or other reviewing agencies,**
28 **and may distinguish between essential operational fees and discretionary or incremental**
29 **charges.**

30 **5. (1) Any property subject to an existing tax increment financing plan or tax**
31 **abatement agreement at the time of innovation district designation shall continue to be**
32 **governed by the terms of such existing agreement, and nothing in sections 620.6000 to**
33 **620.6024 shall be construed to impair, modify, or terminate such agreement.**

34 **(2) For properties within an innovation district that are not subject to an existing**
35 **project-specific tax increment financing plan or property tax abatement agreement, fifty**
36 **percent of the incremental increase in real property tax revenues generated after**
37 **designation shall be treated as tax increment for purposes of deposit into the applicable**
38 **innovation district public safety fund, established under section 620.6009. The**
39 **reallocation of such funds shall be determined by the executive branch under sections**
40 **620.6000 to 620.6024.**

41 **(3) For new development or redevelopment projects within an innovation**
42 **district that are not subject to an existing agreement, a project may elect, at the time of**
43 **project approval, whether to:**

44 **(a) Commence a project-specific tax increment financing plan for the maximum**
45 **term authorized by law;**

46 **(b) Commence a property-specific property tax abatement for the maximum**
47 **term authorized by law; or**

48 **(c) Proceed without either incentive.**

49

50 **Such election shall be voluntary and shall be made in accordance with the incentive tier**
51 **determined under the master scorecard.**

52 **6. (1) A participating city shall adopt policies providing building code flexibility**
53 **for adaptive reuse projects within an innovation district. Such policies shall:**

54 **(a) Permit performance-based compliance pathways, particularly with respect to**
55 **energy code requirements;**

56 **(b) Recognize the environmental and economic benefits of embodied carbon**
57 **savings associated with adaptive reuse; and**

58 **(c) Maintain compliance with structural integrity, fire-safety, and life-safety**
59 **standards.**

60 (2) Nothing in this subsection shall be construed to require adoption of any
61 specific building or energy code standard.

62 7. (1) If the department determines that a participating city has failed to adopt
63 or maintain one or more requirements of this section, the department shall provide
64 written notice of such noncompliance.

65 (2) The participating city shall have ninety calendar days from receipt of such
66 notice to cure the noncompliance.

67 (3) If the noncompliance is not cured within ninety calendar days, the
68 department may suspend the participating city's innovation district designation until
69 such time as compliance is restored.

70 (4) Any suspension or revocation of innovation district designation under this
71 section shall apply prospectively only and shall not:

72 (a) Impair, modify, or terminate any incentive, agreement, approval, or benefit
73 previously awarded;

74 (b) Affect the validity or enforceability of any incentive, agreement, approval, or
75 benefit previously awarded; or

76 (c) Give rise to any claim for damages against an applicant arising solely from
77 the suspension or revocation of district designation.

78 (5) Projects that have received approval or entered into binding agreements in
79 reliance on innovation district designation prior to notice of noncompliance shall be
80 permitted to proceed in accordance with the terms of such approvals or agreements.

81 8. (1) The department shall prepare and submit a biennial written report to the
82 general assembly summarizing the status, performance, and outcomes of the innovation
83 district program. The purpose of the report is to provide transparency, accountability,
84 and aggregate evaluation regarding the implementation and performance of innovation
85 districts and the incentives authorized under sections 620.6000 to 620.6024. The report
86 shall be informational in nature and shall not be used to impose additional approval
87 requirements, conditions, or penalties on any innovation district or approved projects.

88 (2) Information included in the report shall be presented in aggregate or
89 summary form, by district and statewide where appropriate, and shall not disclose
90 confidential taxpayer information or identify individual projects unless otherwise
91 required by law.

92 (3) The report shall include, to the extent reasonably available, the following
93 categories of information:

94 (a) The number of innovation districts designated and the communities
95 participating during the reporting period;

96 **(b) The number and types of projects approved within innovation districts and**
97 **the distribution of incentive tiers authorized under the master scorecard;**

98 **(c) Aggregate counts of housing, commercial, or mixed-use activation, and other**
99 **redevelopment occurring within innovation districts;**

100 **(d) Aggregate counts of employment impacts, including net new or retained**
101 **employment where such data is available;**

102 **(e) A summary of public safety, infrastructure, or other public investment**
103 **activities undertaken within innovation districts under sections 620.6000 to 620.6024;**
104 **and**

105 **(f) Any observations or recommendations the department determines may assist**
106 **the general assembly in evaluating the effectiveness of the program.**

107 **9. The department may retain, subject to appropriation, a limited portion of net-**
108 **new state revenues generated under sections 620.6000 to 620.6024 solely for the**
109 **administration of the innovation district program. Such retained amounts shall be**
110 **derived exclusively from net-new economic activity attributable to innovation districts**
111 **and shall not reduce or impair any existing state or local revenues. No application,**
112 **participation, or administrative fees shall be imposed under sections 620.6000 to**
113 **620.6024.**

114 **10. The department shall promulgate such rules and regulations as are necessary**
115 **to implement and administer sections 620.6000 to 620.6024, provided that such rules are**
116 **consistent with and reasonably necessary to carry out the purposes, structure, and**
117 **operative provisions of sections 620.6000 to 620.6024. Any rule or portion of a rule, as**
118 **that term is defined in section 536.010, that is created under the authority delegated in**
119 **sections 620.6000 to 620.6024 shall become effective only if it complies with and is**
120 **subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This**
121 **section and chapter 536 are nonseverable and if any of the powers vested with the**
122 **general assembly pursuant to chapter 536 to review, to delay the effective date, or to**
123 **disapprove and annul a rule are subsequently held unconstitutional, then the grant of**
124 **rulemaking authority and any rule proposed or adopted after August 28, 2026, shall be**
125 **invalid and void.**

126 **11. Under section 23.253 of the Missouri sunset act:**

127 **(1) The provisions of the new program authorized under sections 620.6000 to**
128 **620.6024 shall sunset ten years after the effective date of sections 620.6000 to 620.6024**
129 **unless reauthorized by an act of the general assembly; and**

130 **(2) Sections 620.6000 to 620.6024 shall terminate on September first of the**
131 **calendar year immediately following the calendar year in which the program authorized**
132 **under sections 620.6000 to 620.6024 is sunset.**

2 **620.6006. 1. There is hereby established the "Rural Missouri Development**
3 **Fund", to be administered by the department of economic development, for the purpose**
4 **of supporting economic development, infrastructure, housing, workforce development,**
5 **and related community-building activities in rural and smaller communities throughout**
6 **the state.**

7 **2. (1) For purposes of this section, a "contributing community" means a**
8 **municipality that:**

9 **(a) Has designated one or more innovation districts under sections 620.6000 to**
10 **620.6024; and**

11 **(b) Has a total certified assessed valuation that ranks within the highest five**
12 **percent of all Missouri municipalities statewide, as most recently determined by the**
13 **Missouri state tax commission or the department of revenue.**

14 **(2) No municipality that does not meet both criteria in subdivision (1) of this**
15 **subsection shall be required to contribute to the rural Missouri development fund.**

16 **3. (1) Each contributing community shall annually contribute to the rural**
17 **Missouri development fund an amount equal to ten percent of net new property tax**
18 **revenues actually received by such communities that are generated within its innovation**
19 **district above the applicable baseline.**

20 **(2) For purposes of this section, "net new property tax revenues actually**
21 **received" means property tax revenues collected and retained by the community that**
22 **are attributable to increases in assessed valuation occurring upon designation of the**
23 **innovation district.**

24 **(3) "Net new property tax revenues actually received" shall not include:**

25 **(a) Any property tax revenues abated, exempted, or otherwise forgone under a**
26 **property tax abatement agreement; or**

27 **(b) Any property tax increment captured, pledged, or otherwise dedicated under**
28 **a tax increment financing plan.**

29 **(4) Contributions under this section shall be derived solely from collected**
30 **incremental revenues and shall not reduce or impair any existing property tax revenues,**
31 **nor any revenue subject to abatement or tax increment financing.**

32 **4. (1) Monies in the rural Missouri development fund may be awarded to:**

33 **(a) Rural municipalities;**

34 **(b) Smaller municipalities not meeting the definition of a contributing**
35 **community; or**

36 **(c) Local or regional development organizations, community development**
37 **corporations, or similar entities applying on behalf of or in coordination with such**
38 **communities.**

38 **(2) Receipt of funds under this section shall not require a community to establish**
39 **an innovation district.**

40 **5. Funds awarded under this section may be used for the following purposes**
41 **including, but not limited to:**

42 **(1) Rural education;**

43 **(2) Public infrastructure improvements or public safety;**

44 **(3) Housing development, rehabilitation, or stabilization;**

45 **(4) Workforce development or training;**

46 **(5) Health care or community service facilities; and**

47 **(6) Other economic purposes consistent with the intent of sections 620.6000 to**
48 **620.6024.**

49 **6. (1) The department of economic development shall administer the rural**
50 **Missouri development fund and shall establish an application process for eligible**
51 **recipients.**

52 **(2) In administering the fund, the department shall consider:**

53 **(a) Project readiness;**

54 **(b) Demonstrated community need; and**

55 **(c) Alignment with the purposes of this section.**

56 **7. One percent of the revenue collected from the net new property tax generated**
57 **by a contributing community shall be deposited into the fund for the department to be**
58 **used toward administrative fees to administer this section.**

59 **8. The department shall promulgate such rules and regulations as are necessary**
60 **to implement and administer this section. Any rule or portion of a rule, as that term is**
61 **defined in section 536.010, that is created under the authority delegated in this section**
62 **shall become effective only if it complies with and is subject to all of the provisions of**
63 **chapter 536 and, if applicable, section 536.028. This section and chapter 536 are**
64 **nonseverable and if any of the powers vested with the general assembly pursuant to**
65 **chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are**
66 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**
67 **proposed or adopted after August 28, 2026, shall be invalid and void.**

620.6009. 1. There is hereby established the "Innovation District Public Safety
2 **Fund" for the purpose of reinvesting a portion of net new state economic activity**
3 **generated within an innovation district into public safety, public infrastructure, and**
4 **related improvements that support sustained district vitality.**

5 **2. (1) Subject to the exclusions set forth in this section, the innovation district**
6 **public safety fund shall receive fifty percent of incremental state tax receipts generated**

7 within a designated innovation district that would otherwise be deposited into the state
8 general revenue fund.

9 (2) For purposes of this section, "incremental state tax receipts" means:

10 (a) State sales tax revenues attributable to transactions occurring within the
11 innovation district, in excess of the applicable baseline under subsection 3 of this
12 section; and

13 (b) State income tax withholdings attributable to wages paid for employment
14 occurring within the innovation district, in excess of the applicable baseline under
15 subsection 3 of this section.

16

17 No other state taxes shall be subject to recapture under this section unless expressly
18 authorized by law.

19 3. The baseline for determining incremental state tax receipts shall be
20 established by the administrator based on actual state sales tax and state withholding
21 tax collections within the innovation district during the twelve months immediately
22 preceding designation of the district. The baseline shall remain fixed for the purposes of
23 calculating incremental receipts under this section.

24 4. (1) This section shall not apply to any geographic area located within:

25 (a) A district designated as a super tax increment financing district, whether
26 such a district exists at the time of innovation district designation or is created
27 thereafter; or

28 (b) A district designated under the Missouri Downtown Economic Stimulus
29 Authority Act (MODESA), whether such a district exists at the time of innovation
30 district designation or is created thereafter.

31 (2) Incremental state tax receipts generated within excluded geographic areas
32 shall not be subject to recapture under this section.

33 (3) Excluded geographic areas shall not receive, directly or indirectly, or benefit
34 from monies remitted to or expended from the innovation district public safety fund,
35 including funding for public safety, infrastructure, or public realm improvements.

36 5. (1) Monies remitted under this section shall be deposited into a dedicated
37 local fund or account established by the participating city for the applicable innovation
38 district.

39 (2) The innovation district board shall have authority to allocate and direct the
40 use of such monies, subject to the eligible uses set forth in sections 620.6000 to 620.6024
41 and consistent with the innovation district master plan.

42 (3) Monies remitted under this section shall be used solely for the benefit of the
43 innovation district from which such revenues were generated.

44 **(4) All monies remitted and expended under this section shall remain subject to**
45 **generally applicable state and local accounting, auditing, and public finance laws.**

46 **6. (1) Monies remitted from the innovation district public safety fund may be**
47 **used for capital or operating expenditures related to public safety and public realm**
48 **improvements within the innovation district, including but not limited to:**

49 **(a) Police services and law enforcement staffing;**

50 **(b) Lighting, cameras, and surveillance systems;**

51 **(c) Wayfinding and signage;**

52 **(d) Sidewalks, streets, crosswalks, and traffic-calming improvements;**

53 **(e) Landscaping, trees, and plazas;**

54 **(f) Stabilization, remediation, demolition, or redevelopment preparation of real**
55 **property;**

56 **(g) Maintenance or operations directly related to public safety or district**
57 **infrastructure;**

58 **(h) Other public safety or public infrastructure improvements consistent with**
59 **the purposes of this section.**

60 **(2) The use of innovation district public safety fund monies for police services**
61 **shall be limited to sworn law enforcement officers or duly authorized law enforcement**
62 **agencies and shall not include private security or non-law-enforcement personnel acting**
63 **in a public safety capacity. Monies remitted under this section shall supplement and not**
64 **supplant existing public safety funding obligations of the participating city.**

65 **7. (1) A project sponsor may apply to the department of economic development**
66 **for a construction-phase withholding for a project located within an innovation district,**
67 **provided that:**

68 **(a) The project has received all required local approvals; and**

69 **(b) The project has total hard construction costs of not less than five million**
70 **dollars.**

71 **(2) An application for a construction-phase withholding advance shall be**
72 **submitted to the department after project approval and prior to project stabilization, in**
73 **such form and manner as prescribed by rule.**

74 **(3) The department shall authorize a construction-phase withholding advance**
75 **upon demonstration by the project sponsor that:**

76 **(a) The project is located within a designated innovation district;**

77 **(b) The project will generate construction-phase employment occurring within**
78 **the district; and**

79 **(c) The project is reasonably projected to generate state income tax withholdings**
80 **attributable to construction-phase employment above the applicable baseline.**

81

82 **The department's review shall be limited to verification of eligibility and projected**
83 **withholding amounts and shall not include discretionary policy evaluation.**

84 **(4) The amount of a construction-phase withholding advance authorized under**
85 **this section shall not exceed twenty-five percent of the projected state income tax**
86 **withholdings attributable to construction-phase employment generated by the project**
87 **above the applicable baseline. In no event shall a project sponsor receive construction-**
88 **phase withholding advances exceeding twenty-five percent of actual construction-phase**
89 **withholdings generated by the project. Construction phase withholding advances shall**
90 **not be eligible for use as qualifying reinvestment expenditures under section 620.6015.**

91 **8. An authorized construction-phase withholding advance shall not be disbursed**
92 **until the project sponsor demonstrates to the department that:**

93 **(1) Construction has commenced; and**

94 **(2) Not less than ten percent of the total hard construction costs have been**
95 **incurred.**

96

97 **Upon satisfaction of such requirements, the department shall disburse the approved**
98 **advance within forty-five calendar days, as a lump sum.**

99 **9. The department shall approve or deny an application for a construction-phase**
100 **withholding advance within forty-five calendar days of receipt of a complete**
101 **application. Failure to act within such period shall result in deemed approval of the**
102 **application as submitted.**

103 **10. For purposes of this section, "construction-phase employment" means**
104 **employment primarily engaged in construction, demolition, rehabilitation, or related**
105 **activities associated with an approved development project and occurring prior to**
106 **project stabilization. Construction-phase employment shall not include permanent or**
107 **stabilized employment.**

108 **11. (1) Following completion of construction, the department shall verify the**
109 **actual amount of state income tax withholdings attributable to construction-phase**
110 **employment generated by the project above the applicable baseline.**

111 **(2) If twenty-five percent of the actual construction-phase withholdings equals or**
112 **exceeds the amount of the construction-phase withholding advance disbursed to the**
113 **project, no further action shall be required.**

114 **(3) If twenty-five percent of the actual construction-phase withholdings is less**
115 **than the amount of the construction-phase withholding advance disbursed, the excess**
116 **shall be repaid by the project sponsor or offset against future allocations, as determined**
117 **by rule.**

118 **12. All incremental state tax receipts attributable to construction-phase**
119 **employment not subject to an approved construction-phase withholding advance shall**
120 **be allocated for the benefit of the applicable innovation district and controlled by the**
121 **innovation district board in accordance with sections 620.6000 to 620.6024.**

122 **13. The department of economic development shall promulgate all rules**
123 **necessary to implement this section, provided that such rules are consistent with and**
124 **reasonably necessary to carry out the purposes, structure, and operative provisions of**
125 **sections 620.6000 to 620.6024. In promulgating such rules, the department shall consult**
126 **with the department of revenue to the extent necessary for the administration of this**
127 **section. Any rule or portion of a rule, as that term is defined in section 536.010, that is**
128 **created under the authority delegated in this section shall become effective only if it**
129 **complies with and is subject to all of the provisions of chapter 536 and, if applicable,**
130 **section 536.028. This section and chapter 536 are nonseverable and if any of the powers**
131 **vested with the general assembly pursuant to chapter 536 to review, to delay the**
132 **effective date, or to disapprove and annul a rule are subsequently held unconstitutional,**
133 **then the grant of rulemaking authority and any rule proposed or adopted after August**
134 **28, 2026, shall be invalid and void.**

620.6012. 1. This section establishes an income tax abatement incentive for
2 **qualifying individuals establishing residency within an innovation district.**

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

4 **(1) "Primary residence", a dwelling unit within an innovation district that the**
5 **individual occupies as the individual's principal place of residence for Missouri income**
6 **tax purposes, whether such dwelling unit is owned or leased by the individual;**

7 **(2) "Qualified new resident", an individual who:**

8 **(a) Was not a resident of the state of Missouri for state income tax purposes**
9 **during the most recent tax year preceding the tax year for which the exclusion is**
10 **claimed; and**

11 **(b) Establishes a primary residence within an innovation district and is a**
12 **resident of the state of Missouri for state income tax purposes during the tax year for**
13 **which the exclusion is claimed.**

14 **3. For all tax years beginning on or after January 1, 2027, the income tax**
15 **exclusion authorized by this section shall apply for each tax year in which the individual**
16 **remains a resident of the state of Missouri for income tax purposes and maintains a**
17 **primary residence within an innovation district. The exclusion shall not apply for any**
18 **tax year in which either condition is not satisfied.**

19 **4. Nothing in this section shall be construed to require that a qualified new**
20 **resident occupy a primary residence within an innovation district for any minimum**

21 number of days or months during a tax year, provided the individual otherwise qualifies
22 as a Missouri resident for income tax purposes and maintains such residence as the
23 individual's primary residence.

24 5. Any reduction in tax as a result of such exclusion shall be fully recaptured by
25 the department of revenue for the tax year in which eligibility is lost if the qualified new
26 resident no longer meets the requirements provided under this section. The amount
27 required to be recaptured shall be deemed an underpayment of tax and shall be due and
28 payable on the tax return that is due immediately following the loss of residency.

29 6. Notwithstanding any other limitation contained in the laws of this state,
30 collection of any taxes deemed to be an underpayment by this section shall be allowed
31 for a innovation district of three years following the due date of the recaptured taxes.

32 7. An individual who was a resident of the state of Missouri for income tax
33 purposes during the most recent tax year preceding the tax year for which the exclusion
34 is claimed shall not be eligible for the exclusion authorized by this section.

35 8. The department of economic development shall promulgate all rules necessary
36 to implement this section, provided that such rules are consistent with and reasonably
37 necessary to carry out the purposes, structure, and operative provisions of sections
38 620.6000 to 620.6024. In promulgating such rules, the department shall consult with the
39 department of revenue to the extent necessary for the administration of this section.
40 Any rule or portion of a rule, as that term is defined in section 536.010, that is created
41 under the authority delegated in this section shall become effective only if it complies
42 with and is subject to all of the provisions of chapter 536 and, if applicable, section
43 536.028. This section and chapter 536 are nonseverable and if any of the powers vested
44 with the general assembly pursuant to chapter 536 to review, to delay the effective date,
45 or to disapprove and annul a rule are subsequently held unconstitutional, then the grant
46 of rulemaking authority and any rule proposed or adopted after August 28, 2026, shall
47 be invalid and void.

48 9. Under section 23.253 of the Missouri sunset act:

49 (1) The provisions of the new program authorized under this section shall sunset
50 ten years after the effective date of this section unless reauthorized by an act of the
51 general assembly; and

52 (2) This section shall terminate on September first of the calendar year
53 immediately following the calendar year in which the program authorized under this
54 section is sunset.

620.6015. 1. This section establishes an employer retention and reinvestment
2 withholding incentive for retention of jobs and reinvestment by businesses establishing a
3 continuous presence in an innovation district.

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

5 (1) "Baseline payroll", the employer's average quarterly gross payroll
6 attributable to the innovation district location for the four consecutive calendar
7 quarters immediately preceding approval of a withholding agreement under this
8 section, or such alternative baseline as may be established for a newly locating or
9 expanding employer under a withholding agreement;

10 (2) "Eligible employee", an employee whose primary work location is physically
11 located within the innovation district and who performs services on-site at such location
12 on a regular basis;

13 (3) "Eligible employer", an employer that operates a business within an
14 innovation district and that satisfies the requirements of this section. An eligible
15 employer shall not include an employer that relocates, consolidates, or transfers
16 business operations from a location outside the innovation district to a location within
17 the district if such relocation results in a material reduction of payroll at the originating
18 location;

19 (4) "Material reduction of payroll", a reduction of more than five percent in the
20 employer's aggregate gross payroll attributable to the originating location, as compared
21 to the applicable baseline payroll;

22 (5) "Qualifying reinvestment expenditures" or "QREs", documented
23 expenditures incurred by an eligible employer for capital improvements or other
24 investments at or for the benefit of the innovation district location, including but not
25 limited to: security and safety improvements, including security officers, lighting,
26 cameras, and access control; building systems improvements; tenant improvements;
27 public infrastructure improvements; life-safety systems; code compliance; accessibility
28 improvements; or other expenditures approved by the department that are consistent
29 with the purposes of this section, provided that such expenditures supplement and do
30 not supplant ordinary operating expenses;

31 (6) "Withholding agreement", a written agreement entered into between an
32 eligible employer and the department of economic development under this section that
33 specifies:

34 (a) The amount and duration of the withholding benefit;

35 (b) The method by which the withholding benefit is delivered, whether as a
36 credit or authorized retention of withholdings;

37 (c) The qualifying reinvestment expenditures to be undertaken by the employer,
38 demonstrating that the QREs supplant existing operating or capital expenditures;

39 (d) Payroll baseline and maintenance requirements;

40 (e) Reporting, verification, audit, notice, and cure requirements; and

41 (f) Any other terms necessary to carry out the purposes of this section;

42 (7) "Withholding benefit", the state income tax withholdings attributable to
43 eligible employees that an eligible employer is authorized to receive, either through a
44 credit or through authorized retention of such withholdings, which may be carried
45 forward under a withholding agreement under this section;

46 (8) "Withholding tax credit", a nonrefundable credit against the employer's
47 liability otherwise due under chapter 143, equal to all or a portion of the withholding
48 benefit authorized under a withholding agreement under this section, which may be
49 carried forward in accordance with this section.

50 3. An eligible employer may, but shall not be required to, apply to enter into a
51 withholding agreement with the department of economic development under this
52 section. For all tax years beginning on or after January 1, 2027, an eligible employer
53 that enters into a withholding agreement may receive a withholding benefit attributable
54 to eligible employees. The withholding benefit may be delivered either as a withholding
55 tax credit or as authorized retention of state income tax withholdings, as specified in the
56 withholding agreement. The method of delivery shall not affect the amount of the
57 withholding benefit authorized under this section.

58 4. (1) Applications for a withholding agreement may be submitted at any time.
59 The department of economic development shall approve or deny any application for a
60 withholding agreement within forty-five calendar days of receipt of a complete
61 application. The department shall approve a withholding agreement unless it
62 determines that:

63 (a) The applicant does not meet the eligibility requirements of this section; or

64 (b) The applicant is not in good standing with the department of economic
65 development or the department of revenue with respect to tax compliance or reporting
66 obligations.

67 (2) Any denial shall be issued in writing and shall state the specific grounds for
68 denial. Failure of the department to approve or deny an application within forty-five
69 calendar days shall result in approval of the application as submitted.

70 5. The withholding benefit authorized under this section shall not exceed three
71 percent of the aggregate gross wages paid to eligible employees at the innovation district
72 location during a tax year. The withholding benefit may be authorized for a innovation
73 district not to exceed ten years, as specified in the withholding agreement. A
74 withholding tax credit issued under this section shall be nonrefundable and may be
75 carried forward in accordance with the terms of the withholding agreement. The
76 department may establish aggregate or annual program caps by rule to manage fiscal
77 exposure.

78 **6. A withholding agreement shall provide that the withholding benefit is**
79 **requested and authorized on a quarterly basis, based on state income tax withholdings**
80 **attributable to covered employees during the applicable calendar quarter. The**
81 **department of economic development may authorize a withholding agreement to permit**
82 **requests on a semi-annual basis, if determined appropriate based on the size or nature**
83 **of the employer and provided that such authorization does not impart verification or**
84 **compliance. In no event shall a withholding agreement authorize automatic retention or**
85 **crediting of withholdings beyond the applicable request period without review and**
86 **verification as required by this section.**

87 **7. Any withholding benefit received under this section shall be used solely for**
88 **qualifying reinvestment expenditures. In no event shall the total amount of withholding**
89 **benefit received by an eligible employer exceed the total amount of qualifying**
90 **reinvestment expenditures actually incurred and paid under the withholding agreement.**

91 **8. To receive and retain a withholding benefit under this section, an eligible**
92 **employer shall:**

93 **(1) Operate within an innovation district;**

94 **(2) Demonstrate a commitment to remain at the innovation district location for**
95 **not less than five years;**

96 **(3) Complete qualifying reinvestment expenditures under the withholding**
97 **agreement;**

98 **(4) Maintain not less than ninety-five percent of baseline payroll, subject to**
99 **notice and cure; and**

100 **(5) Submit any other information reasonably requested by the department.**

101 **9. (1) An employer receiving a withholding benefit shall submit to the**
102 **department of economic development, on a quarterly basis, a certification of:**

103 **(a) State income tax withholdings attributable to eligible employees;**

104 **(b) Compliance with payroll maintenance requirements; and**

105 **(c) Qualifying reinvestment expenditures incurred to date.**

106 **(2) If the department determines that an employer is not in compliance, the**
107 **department shall provide written notice of noncompliance. The employer shall have**
108 **thirty calendar days from receipt of such notice to cure the noncompliance or submit a**
109 **cure plan acceptable to the department. If the employer fails to cure within the**
110 **applicable innovation district, the withholding agreement may be suspended or**
111 **terminated, and any excess withholding benefit shall be subject to recapture as**
112 **provided in the agreement.**

113 **10. The department may authorize a withholding agreement for an employer**
114 **that is newly locating or expanding within an innovation district, provided that baseline**

115 payroll is established under the withholding agreement following a reasonable ramp-up
116 innovation district.

117 **11. The department of economic development may audit QREs and withholding**
118 **benefit usage. Any amount determined to have been improperly claimed or retained**
119 **shall be repaid to the state or offset against future withholding benefits, as provided in**
120 **the withholding agreement.**

121 **12. An employer may participate in the incentive authorized under this section**
122 **concurrently with participation in the Missouri one-start program under sections**
123 **620.800 to 620.809, the Missouri quality jobs act under sections 620.1875 to 620.1890, or**
124 **the state economic development programs, provided that each program's statutory**
125 **requirements are independently satisfied. Participation under this section shall not**
126 **disqualify an employer from other incentives, nor shall benefits under this section be**
127 **aggregated for purposes of determining eligibility or leverage under other programs**
128 **expressly required by law. The withholding tax credit under the Missouri one start**
129 **program under sections 620.800 to 620.809 or the Missouri quality jobs act under**
130 **sections 620.1875 to 620.1890 shall be collected and disbursed prior to the collection and**
131 **disbursement of the withholding benefits under the provisions of this section.**

132 **13. Tax credits issued under the provisions of this section shall not be refundable.**
133 **No tax credit claimed under this section shall be assigned, transferred, sold, or otherwise**
134 **conveyed.**

135 **14. The department of economic development, in coordination with the**
136 **department of revenue, shall promulgate all necessary rules and regulations for the**
137 **administration of this section. Any rule or portion of a rule, as that term is defined in**
138 **section 536.010, that is created under the authority delegated in this section shall**
139 **become effective only if it complies with and is subject to all of the provisions of chapter**
140 **536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable**
141 **and if any of the powers vested with the general assembly pursuant to chapter 536 to**
142 **review, to delay the effective date, or to disapprove and annul a rule are subsequently**
143 **held unconstitutional, then the grant of rulemaking authority and any rule proposed or**
144 **adopted after August 28, 2026, shall be invalid and void.**

145 **15. Under section 23.253 of the Missouri sunset act:**

146 **(1) The provisions of the new program authorized under this section shall sunset**
147 **ten years after the effective date of this section unless reauthorized by an act of the**
148 **general assembly;**

149 **(2) This section shall terminate on September first of the calendar year**
150 **immediately following the calendar year in which the program authorized under this**
151 **section is sunset; and**

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

620.6018. 1. This section establishes an employer relocation withholding tax
2 **credit incentive.**

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

4 **(1) "Eligible employee", an individual who:**

5 **(a) Relocates from a location outside the state of Missouri to accept employment**
6 **with an eligible employer;**

7 **(b) Establishes a primary residence within an innovation district or a location**
8 **within ten miles of an innovation district, measured in a straight-line distance, provided**
9 **such residence is located within the state of Missouri; and**

10 **(c) Earns annual wages of at least seventy thousand dollars;**

11 **(2) "Eligible employer", a business entity that:**

12 **(a) Was not conducting business operations within the state of Missouri prior to**
13 **establishing operations within an innovation district; and**

14 **(b) Establishes a business location within an innovation district;**

15 **(3) "Eligible relocation expenses", includes reasonable and necessary, one-time**
16 **costs incurred in connection with an eligible employee's relocation to the state of**
17 **Missouri, which may include:**

18 **(a) Moving and transportation expenses for household goods and personal**
19 **effects;**

20 **(b) Travel expenses associated with the relocation;**

21 **(c) Temporary housing expenses incurred during the relocation period; and**

22 **(d) Relocation-related professional services, as further defined by rule of the**
23 **department of economic development;**

24 **(4) "Primary residence", a dwelling unit located within the geographic area**
25 **described in paragraph (b) of subdivision (1) of this subsection that the eligible**
26 **employee occupies as the employee's principal place of residence for Missouri income**
27 **tax purposes, whether owned or leased, and that the employee intends to use as such**
28 **residence during the period required under this section;**

29 **(5) "State tax credit", a credit against the tax otherwise due under chapter 143**
30 **or 148.**

31 **3. For all tax years beginning on or after January 1, 2027, an eligible employer**
32 **shall be allowed to claim a tax credit against the employer's state tax liability in an**
33 **amount up to five thousand dollars per tax year per eligible employee for eligible**
34 **relocation expenses incurred on behalf of such employees.**

35 **4. An eligible employer applying for a state tax credit under the provisions of**
36 **this section shall follow the application procedures established under section 620.6000**
37 **and any additional requirements established by the department of economic**
38 **development. If the employer meets all criteria required under the provisions of this**
39 **section and section 620.6000 and approval is granted by the department of economic**
40 **development, the department shall issue a tax credit certificate in the appropriate**
41 **amount.**

42 **5. Tax credits issued under the provisions of this section shall be refundable. Tax**
43 **credits claimed under this section may be carried forward to subsequent tax years up to**
44 **five years. No tax credit claimed under this section shall be assigned, transferred, sold,**
45 **or otherwise conveyed.**

46 **6. State tax credits claimed by an employer under this section shall be**
47 **recaptured by the department of revenue if the eligible employee relocates to another**
48 **residence that no longer meets the requirements provided under this section within**
49 **twelve consecutive months after the state tax credit is claimed. Any amount required to**
50 **be recaptured shall be due and payable on the tax return that is due immediately**
51 **following the employee's relocation.**

52 **7. The department of economic development, in coordination with the**
53 **department of revenue, shall promulgate all necessary rules and regulations for the**
54 **administration of this section. Any rule or portion of a rule, as that term is defined in**
55 **section 536.010, that is created under the authority delegated in this section shall**
56 **become effective only if it complies with and is subject to all of the provisions of chapter**
57 **536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable**
58 **and if any of the powers vested with the general assembly pursuant to chapter 536 to**
59 **review, to delay the effective date, or to disapprove and annul a rule are subsequently**
60 **held unconstitutional, then the grant of rulemaking authority and any rule proposed or**
61 **adopted after August 28, 2026, shall be invalid and void.**

62 **8. Under section 23.253 of the Missouri sunset act:**

63 **(1) The provisions of the new program authorized under this section shall sunset**
64 **ten years after the effective date of this section unless reauthorized by an act of the**
65 **general assembly;**

66 **(2) This section shall terminate on September first of the calendar year**
67 **immediately following the calendar year in which the program authorized under this**
68 **section is sunset; and**

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

620.6021. 1. This section establishes an office-to-residential conversion tax
2 credit incentive.

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

4 (1) "Department", the Missouri department of economic development;

5 (2) "Innovation District", the program created under section 620.6000;

6 (3) "Qualified conversion expenditures", any amount properly chargeable to a
7 capital account. The term "qualified conversion expenditures" shall not include:

8 (a) The cost of acquisition;

9 (b) Any expenditure attributable to the enlargement of an existing building; or

10 (c) Tax-exempt properties;

11 (4) "Qualified converted building", any building and its structural components
12 if:

13 (a) Prior to conversion, such building was nonresidential real property, as
14 defined in 26 U.S.C. Section 168(e)(2)(B), as amended, that was leased, or available for
15 lease, to office tenants, or utilized for office purposes by the owner-occupant;

16 (b) Such building has been substantially converted from an office use to a
17 predominantly residential use, defined as more than fifty percent of the gross square
18 footage of the building, and may also include retail, or other commercial use, and may
19 also include accessory on-site or required off-site parking;

20 (c) Such building was initially placed in service at least twenty-five years before
21 the beginning of the conversion; and

22 (d) Such building was vacant or blighted and has been substantially converted
23 from office use to residential or mixed-use;

24 (5) "Substantially converted", qualified conversion expenditures incurred
25 during the twenty-four-month period preceding final approval of tax credits that in total
26 are greater than:

27 (a) The adjusted basis of such building and its structural components, as
28 determined as of the beginning of the first day of such twenty-four-month period, or of
29 the holding period of the building, whichever is later; or

30 (b) Fifteen thousand dollars if the property is located in a qualified Missouri
31 main street district, or five hundred thousand dollars if the property is not located in a
32 qualified Missouri main street district. In the case of any conversion that may
33 reasonably be expected to be completed in phases set forth in architectural plans and
34 specifications completed before the conversion begins, qualified conversion expenditures
35 shall be totaled for the sixty-month period preceding final approval of tax credits rather
36 than the twenty-four-month period preceding such final approval;

37 **(6) "Tax credit", the office-to-residential conversion tax credit authorized by this**
38 **section, which may be applied, at the election of the taxpayer, against:**

39 **(a) The taxpayer's liability under chapter 143; or**

40 **(b) The taxpayer's liability for state sales and use taxes under chapter 144;**

41 **(7) "Upper-floor housing", any housing that is attached to or contained in the**
42 **same building as commercial property, whether located on the ground floor behind the**
43 **traditional storefront or on other floors of the property.**

44 **3. (1) For all tax years beginning on or after January 1, 2027, the department**
45 **shall issue a taxpayer a tax credit up to twenty-five percent of qualified conversion**
46 **expenditures with respect to a qualified converted building or upper-floor housing**
47 **located in a qualified innovation district. If the amount of such tax credit exceeds the**
48 **taxpayer's state tax liability for the year in which tax credits are issued, the amount that**
49 **exceeds the state tax liability may be carried back to any of the three preceding tax years,**
50 **or carried forward for credit against state tax liability for the succeeding ten tax years,**
51 **or until the full credit is used, whichever occurs first.**

52 **(2) Tax credits authorized under this section may be transferred, sold, or**
53 **assigned, and shall retain the same attributes as in the hands of the assignor. Tax credits**
54 **may be transferred multiple times. In order to transfer a tax credit authorized under**
55 **this section, the assignor and assignee shall complete and submit a tax credit transfer**
56 **form provided by the department of revenue. Such transfers may be facilitated through**
57 **an intermediary entity as permitted by law without affecting the nature or attributes of**
58 **the tax credit.**

59 **(3) Tax credits authorized for a partnership, a limited liability company taxed as**
60 **a partnership, or multiple owners of property shall be passed through to the partners,**
61 **members, or owners respectively pro rata, or under an executed agreement among the**
62 **partners, members, or owners documenting an alternate distribution method.**

63 **(4) The assignee of a tax credit may use the acquired tax credits to offset up to**
64 **one hundred percent of the taxpayer's state tax liability. The assignor shall perfect such**
65 **transfer by notifying the department in writing within thirty calendar days following**
66 **the effective date of the transfer and shall provide any information as may reasonably**
67 **be required by the department.**

68 **4. (1) For all tax years beginning on or after January 1, 2027, the department**
69 **shall issue a taxpayer a tax credit up to thirty percent of qualified conversion**
70 **expenditures with respect to upper-floor housing located in a qualified Missouri main**
71 **street district. If the amount of such tax credit exceeds the taxpayer's state tax liability**
72 **for the year in which tax credits are issued, the amount that exceeds the state tax**
73 **liability may be carried back to any of the three preceding tax years or carried forward**

74 for credit against state tax liability for the succeeding ten tax years, or until the full
75 credit is used, whichever occurs first.

76 (2) Tax credits authorized under this section may be transferred, sold, or
77 assigned, and shall retain the same attributes as in the hands of the assignor. Tax credits
78 may be transferred multiple times. In order to transfer a tax credit authorized under
79 this section, the assignor and assignee shall complete and submit a tax credit transfer
80 form provided by the department of revenue. Such transfers may be facilitated through
81 an intermediary entity as permitted by law without affecting the nature or attributes of
82 the tax credit.

83 (3) Tax credits authorized for a partnership, a limited liability company taxed as
84 a partnership, or multiple owners of property shall be passed through to the partners,
85 members, or owners respectively pro rata, or under an executed agreement among the
86 partners, members, or owners documenting an alternate distribution method.

87 (4) The assignee of a tax credit may use the acquired tax credits to offset up to
88 one hundred percent of the taxpayer's state tax liability. The assignor shall perfect such
89 transfer by notifying the department in writing within thirty calendar days following
90 the effective date of the transfer and shall provide any information as may be required
91 by the department.

92 5. (1) The total amount of tax credits authorized under this section shall not
93 exceed fifty million dollars in any fiscal year.

94 (2) Fifty percent of the maximum amount of tax credits available to be
95 authorized to taxpayers in a fiscal year under this section shall be authorized solely for
96 structures of more than seven hundred fifty thousand gross square feet. If the total
97 amount of such reserved tax credits has been authorized, structures of more than seven
98 hundred fifty thousand gross square feet may receive tax credits from the remaining
99 unreserved amount of tax credits. If the total amount of reserved tax credits has not
100 been authorized by the department, structures of less than seven hundred fifty thousand
101 gross square feet may be authorized to receive tax credits from such reserved amount.
102 The total amount of tax credits for a structure of more than seven hundred fifty
103 thousand gross square feet may be allocated to the annual limits provided in this section
104 over a period of up to ten years if:

105 (a) The project otherwise meets all the requirements of this section and section
106 620.6000; and

107 (b) The project meets the ten percent incurred costs test under this section
108 within thirty-six months after an award is authorized.

109

110 **Nothing in this subsection shall be construed to require allocation over multiple tax**
111 **years where sufficient annual capacity exists.**

112 **(3) Twenty-five percent of the maximum amount of tax credits available to be**
113 **authorized to taxpayers in a fiscal year under this section shall be authorized solely for**
114 **upper-floor housing projects located in a qualified Missouri main street district. If the**
115 **total amount of such reserved tax credits have been authorized, upper-floor housing**
116 **projects located in a qualified Missouri main street district may receive tax credits from**
117 **the remaining unreserved amount of tax credits. If the total amount of reserved tax**
118 **credits has not been authorized by the department, projects not located in a qualified**
119 **Missouri main street district may be authorized tax credits from such reserved amount.**

120 **(4) If the maximum amount of tax credits allowed in any fiscal year, as provided**
121 **under this section, is authorized, the maximum amount of tax credits allowed under this**
122 **section shall be adjusted by the percentage increase in the Consumer Price Index for All**
123 **Urban Consumers, or its successor index, as such index is defined and officially reported**
124 **by the United States Department of Labor, or its successor agency, beginning in the**
125 **fiscal year following any fiscal year in which the full annual cap is authorized. Only one**
126 **such adjustment shall be made for each instance in which the provisions of this**
127 **subsection apply. The department shall publish such adjusted amount.**

128 **6. In the event the department authorizes tax credits equal to the total amount**
129 **available under this section, or sufficient that when totaled with all other approvals, the**
130 **amount available under this section is exhausted, all taxpayers with applications then**
131 **awaiting approval or thereafter submitted for approval shall be notified by the**
132 **department that no additional approvals shall be granted during the fiscal year and**
133 **shall be notified of the priority given to such taxpayer's application then awaiting**
134 **approval. Such applications shall be kept on file by the department and shall be**
135 **considered for approval for tax credits in the order established in this section in the**
136 **event that additional tax credits become available due to the rescission of approvals, or**
137 **when a new fiscal year's allocation of tax credits becomes available for approval.**

138 **7. (1) To obtain approval for tax credits under this section, a taxpayer shall**
139 **submit to the department for preliminary approval, a taxpayer shall submit an**
140 **application for tax credits authorization to the Department. The department shall have**
141 **sixty calendar days to review the application and shall notify the applicant in writing**
142 **within thirty calendar days of the decision of whether the application has been**
143 **authorized for tax credits. Each application for approval, including any applications**
144 **received for supplemental allocations of tax credits, as provided under this section, shall**
145 **be authorized for tax credits in the order of submission.**

146 **(2) Each application shall be reviewed by the department for approval. In order**
147 **to receive approval, an application shall include:**

148 **(a) Proof of ownership or site control. Proof of ownership shall include evidence**
149 **that the taxpayer is the fee simple owner of the eligible property, such as a warranty**
150 **deed or a closing statement. Proof of site control may be evidenced by a leasehold**
151 **interest or an option to acquire such an interest. If the taxpayer is in the process of**
152 **acquiring fee simple ownership, proof of site control shall include an executed sales**
153 **contract or an executed option to purchase the eligible property;**

154 **(b) Floor plans of the existing structure, architectural plans and, where**
155 **applicable, plans of the proposed conversion of the structure, as well as proposed**
156 **additions;**

157 **(c) The estimated cost of conversion, the anticipated total costs of the project, the**
158 **actual basis of the property, as shown by proof of actual acquisition costs, the**
159 **anticipated total labor costs, the estimated project start date, and the estimated project**
160 **completion date;**

161 **(d) Proof that the property is an eligible property;**

162 **(e) A copy of all land use and building approvals reasonably necessary for the**
163 **commencement of the project; and**

164 **(f) Any other information that the department may reasonably require to review**
165 **the project for approval to determine compliance with the requirements of this section.**

166 **8. Only the property for which a property address is provided in the application**
167 **shall be reviewed for approval. Once selected for review, a taxpayer shall not be**
168 **permitted to request the review of another property for approval in the place of the**
169 **property contained in such application. Any disapproved application shall be removed**
170 **from the review process. If an application is removed from the review process, the**
171 **department shall notify the taxpayer in writing of the decision to remove such**
172 **application. The taxpayer may subsequently submit a revised application. For the**
173 **purposes of determining the order of submission and authorization of credits, the**
174 **revised application shall be considered a new application.**

175 **9. The department shall use the innovation district master scorecard under**
176 **sections 620.6000 to 620.6024 for the approval of the proposed project and to determine**
177 **the credit amount. The applicant shall receive a score of at least fifty points to qualify**
178 **for the lowest tier of incentive, which is a ten-percent credit.**

179 **10. If the department determines that the application meets the requirements of**
180 **this section and section 620.6000 to receive an authorization of tax credits, the taxpayer**
181 **shall be notified in writing within forty-five days of the approval for an amount of tax**
182 **credits equal to the amounts provided in this section, subject to the provisions of section**

183 **620.6000, unless approval of such credits would cause the total aggregate amount of tax**
184 **credits approved under this section for all projects in the applicable tax year to exceed**
185 **the annual limitation established herein. Tax credits approved under this section shall**
186 **be approved and administered independently of any other state tax credit program and**
187 **shall not be aggregated or evaluated in combination with other state tax credits for**
188 **purposes of determining eligibility, scoring, leverage ratios, or maximum award**
189 **limitations under such other programs. Such approvals shall be granted to applications**
190 **in the order of priority established under this section and shall require full compliance**
191 **thereafter with all other requirements of law as a condition to any claim for such tax**
192 **credits.**

193 **11. Following approval of an application, the identity of the taxpayer contained**
194 **in such application shall not be modified except:**

195 **(1) The taxpayer may add partners, members, or shareholders as part of the**
196 **ownership structure, so long as the principal remains the same; provided, however, that**
197 **subsequent to the commencement of renovation and the expenditure of at least ten**
198 **percent of the proposed rehabilitation budget, removal of the principal for failure to**
199 **perform duties and the appointment of a new principal thereafter shall not constitute a**
200 **change of the principal; or**

201 **(2) Where the ownership of the project is changed due to a foreclosure, deed in**
202 **lieu of a foreclosure or voluntary conveyance, or a transfer in bankruptcy.**

203 **12. Upon approval of a tax credit application, a taxpayer shall:**

204 **(1) Submit within one hundred twenty days from the date of the award of such**
205 **credits, evidence of the capacity of the applicant to finance the costs and expenses for the**
206 **conversion of the eligible property in the form of a line of credit or letter of commitment**
207 **subject to the lender's termination for a material adverse change impacting the**
208 **extension of credit. If the department determines that a taxpayer has failed to comply**
209 **with the requirements of this subdivision, the department shall notify the applicant of**
210 **such failure and the applicant shall have a thirty-day period from the date of such notice**
211 **to submit additional evidence to remedy the failure; and**

212 **(2) Commence conversion within twelve months of the date of issuance of the**
213 **letter from the department granting the approval for tax credits. For the purposes of**
214 **this subsection, "commence conversion" shall mean that, as of the date in which actual**
215 **physical work, contemplated by the architectural plans submitted with the application,**
216 **has begun, the taxpayer has incurred no less than ten percent of the estimated hard**
217 **construction costs provided in the application. Taxpayers with approval of a project**
218 **shall submit evidence of compliance with the provisions of this subsection. If the**
219 **department determines that a taxpayer has failed to comply with the requirements of**

220 this subdivision, the department shall provide the taxpayer written notice of
221 noncompliance. The taxpayer shall have thirty calendar days from receipt of such
222 notice to respond in writing to the department and demonstrate that conversion has
223 commenced, substantial steps toward commencement have been taken, or good cause
224 exists for the delay. Upon a showing of good cause, including delays beyond the
225 taxpayer's reasonable control, the department shall grant a cure period of not less than
226 ninety calendar days to allow commencement of conversion. Tax credits approved
227 under this section shall be rescinded only if the taxpayer fails to commence conversion
228 within the applicable period following written notice and opportunity to cure.
229 Rescinded tax credits shall be included in the total amount of tax credits from which
230 approvals may be granted. In such a case, the applicant may submit a new application
231 for the project.

232 **13. To claim a tax credit authorized under this section, a taxpayer with approval**
233 **shall apply for final approval and issuance of tax credits from the department, which**
234 **shall determine the final amount of qualified conversion expenditures and whether the**
235 **project meets the requirements of this section. A taxpayer shall submit to the**
236 **department a final application demonstrating:**

237 **(1) That the taxpayer has substantially converted a qualified converted building**
238 **or upper-floor housing;**

239 **(2) Satisfactory evidence of any qualified conversion expenditures for the**
240 **structure, as determined by the department; and**

241 **(3) Any other information reasonably requested by the department to verify**
242 **qualified conversion expenditures or compliance with the requirements of this section or**
243 **section 620.6000.**

244 **14. For financial institutions, tax credits authorized under this section shall be**
245 **deemed to be redevelopment tax credits for the purposes of sections 135.800 to 135.830.**
246 **The approval of all applications and the issuing of certificates of eligible tax credits to**
247 **taxpayers shall be performed by the department. The department shall inform a**
248 **taxpayer of final approval by letter and shall issue to the taxpayer tax credit certificates.**
249 **The taxpayer shall attach the certificate to all Missouri tax returns on which the credit is**
250 **claimed.**

251 **15. (1) The department shall issue seventy-five percent of the approved tax**
252 **credits under this section within forty-five calendar days of receiving all required final**
253 **application materials. Within ninety calendar days of receiving all required final**
254 **application materials, the department shall make a final determination of costs and**
255 **issue the remaining twenty-five percent of approved tax credits, or request repayment**
256 **from the applicant if the final determination results in an over-issuance of tax credits.**

257 **In the event the amount of qualified conversion expenditures incurred by a taxpayer**
258 **would result in the issuance of an amount of tax credits in excess of the amount**
259 **authorized under this section, such taxpayer may apply to the department for issuance**
260 **of tax credits in an amount equal to such excess. Applications for issuance of tax credits**
261 **in excess of the amount provided under a taxpayer's application shall be made on a form**
262 **prescribed by the department. Such applications shall be subject to all provisions**
263 **regarding priority provided under this section.**

264 **(2) For tax credits authorized under this section, the applicant may submit to the**
265 **department an application for the issuance of tax credits annually prior to final**
266 **completion of the project. Upon approval of the annual application for issuance, the**
267 **department shall issue eighty percent of the amount of tax credits that would result from**
268 **the qualified conversion expenditures, provided the total amount of credits issued to**
269 **date does not exceed the total amount of credits authorized for the project to date. Any**
270 **remaining authorized tax credits shall be issued upon the final approval of the project.**
271 **The department shall issue eighty percent of the approved credits within forty-five**
272 **calendar days of receiving all required application materials. Within ninety calendar**
273 **days of receiving all required application materials, the department shall make a final**
274 **determination of costs and issue any remaining authorized tax credits upon the final**
275 **completion of the phased project, or request repayment if an over-issuance of credits is**
276 **determined.**

277 **16. No taxpayer shall be issued tax credits for qualified conversion expenditures**
278 **on a qualified converted building within twenty-seven years of a previous issuance of tax**
279 **credits under this section on such qualified converted buildings.**

280 **17. The department, in coordination with the department of revenue, shall**
281 **promulgate all necessary rules and regulations to administer the provisions of this**
282 **section. Any rule or portion of a rule, as that term is defined in section 536.010, that is**
283 **created under the authority delegated in this section shall become effective only if it**
284 **complies with and is subject to all of the provisions of chapter 536 and, if applicable,**
285 **section 536.028. This section and chapter 536 are nonseverable and if any of the powers**
286 **vested with the general assembly pursuant to chapter 536 to review, to delay the**
287 **effective date, or to disapprove and annul a rule are subsequently held unconstitutional,**
288 **then the grant of rulemaking authority and any rule proposed or adopted after August**
289 **28, 2026, shall be invalid and void.**

290 **18. Under section 23.253 of the Missouri sunset act:**

291 **(1) The provisions of the new program authorized under this section shall sunset**
292 **ten years after the effective date of this section unless reauthorized by an act of the**
293 **general assembly;**

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

297 (3) The provisions of this subsection shall not be construed to limit or in any way
298 impair:

299 (a) A taxpayer's ability to complete a project and receive authorization for tax
300 credits for any project for which the taxpayer has submitted an initial application on or
301 before the date the program authorized under this section expires; or

302 (b) The department of revenue's ability to redeem tax credits authorized on or
303 before the date the program authorized under this section expires, or a taxpayer's
304 ability to redeem such tax credits.

**620.6024. 1. This section establishes a "Missouri Opportunity Zone", an overlay
2 of the innovation district, to encourage long-term private investment in innovation
3 districts by allowing the deferral and potential exclusion of Missouri income tax
4 liabilities when such amounts are reinvested into qualifying property or businesses
5 located within such districts.**

6 **2. For purposes of this section, the following terms mean:**

7 (1) "Equity investment", an ownership interest in an operating business or
8 investment property, whether held directly or indirectly, including as a general partner,
9 limited partner, member, or shareholder, that is subject to the risks of the enterprise and
10 does not constitute indebtedness or a loan obligation;

11 (2) "Inclusion event", any event that terminates or partially terminates deferral
12 under this section, as set forth in subsection 4 of this section;

13 (3) "innovation district", a district designated under sections 620.6000 to
14 620.6024;

15 (4) "Investment property", real property located within a Missouri opportunity
16 zone that is acquired, held, or improved for purposes of commercial, residential, or
17 mixed-use investment, whether or not such property is income-producing or cash-
18 flowing at the time of acquisition, and that is not treated as an operating business for
19 purposes of this section;

20 (5) "Missouri income tax liability", Missouri income tax otherwise due under
21 chapter 143 for a tax year;

22 (6) "Missouri opportunity zone", any innovation district designated under
23 sections 620.6000 to 620.6024 within which private capital investment is encouraged
24 through the deferral and potential exclusion of Missouri income tax liabilities when such
25 liabilities are reinvested into qualifying property or operating businesses located within
26 such district;

27 (7) "Operating business", a trade or business that is located within and conducts
28 a substantial portion of its active trade or business operations within a Missouri
29 opportunity zone, including the production of income through the provision of goods or
30 services, employment or personnel, or leasing of space as part of an active business
31 enterprise;

32 (8) "Qualified Missouri opportunity zone fund," an entity organized for the
33 purpose of investing in one or more qualified Missouri opportunity zone investments,
34 substantially all of the assets of which consist of such investments, as measured on the
35 last day of the first six-month period of the fund's tax year and the last day of the fund's
36 tax year, and that is certified or otherwise approved by the department of economic
37 development in accordance with rules promulgated under this section. Use of a
38 qualified Missouri opportunity zone fund shall be permitted but not required;

39 (9) "Qualified Missouri opportunity zone investment", an equity investment in:

40 (a) Investment property located within a Missouri opportunity zone; or

41 (b) An operating business that is located within and conducts a substantial
42 portion of its active trade or business operations within a Missouri opportunity zone;

43 (10) "Taxpayer", a person subject to Missouri income tax under chapter 143,
44 including income reported on a pass-through basis by an owner, partner, or member of
45 a partnership, limited liability company, or S corporation. The term "taxpayer" shall
46 not include any entity subject to Missouri corporate income tax, including any C
47 corporation.

48 3. (1) A taxpayer may elect to defer payment of Missouri income tax otherwise
49 due for a tax year if the amount of such Missouri income tax liability is invested, in the
50 manner prescribed by this section, into a qualified Missouri opportunity zone
51 investment.

52 (2) The deferral authorized by this subsection shall apply to ordinary Missouri
53 income tax liabilities.

54 (3) Eligibility under this section shall not be conditioned on the residency of the
55 taxpayer, provided that the deferral authorized by this section shall apply only for tax
56 years in which the taxpayer remains subject to Missouri income tax under chapter 143.

57 (4) The election to defer Missouri income tax under this section may be made
58 with respect to all or any portion of a taxpayer's Missouri income tax liability for a tax
59 year, in the manner prescribed by the department of revenue.

60 4. To qualify for deferral under this section, a taxpayer shall make a qualified
61 Missouri opportunity zone investment not later than one hundred eighty days after the
62 close of the tax year for which the Missouri income tax liability is otherwise due.

63 **5. The deferral of Missouri income tax under this section shall continue until the**
64 **earliest occurrence of an inclusion event, including:**

65 **(1) The sale, exchange, or other disposition of the qualified Missouri opportunity**
66 **zone investment;**

67 **(2) When the investment ceases to qualify as a qualified Missouri opportunity**
68 **zone investment;**

69 **(3) Ten years from the date of the qualified Missouri opportunity zone**
70 **investment;**

71 **(4) In the case of an operating business, the failure to commence substantial**
72 **active trade or business operations within twenty-four months of the initial qualified**
73 **Missouri opportunity zone investment, as determined by the department of economic**
74 **development; or**

75 **(5) (a) In the case of investment property, failure to satisfy the requirements of**
76 **paragraph (b) of this subdivision.**

77 **(b) A qualified Missouri opportunity zone investment in investment property**
78 **shall continue to qualify for deferral under this section so long as one or more of the**
79 **following conditions is satisfied:**

80 **a. The investment property is placed into active commercial or residential use,**
81 **including leasing, occupancy, or other income-producing operation, within thirty**
82 **months following the qualified Missouri opportunity zone investment; or**

83 **b. Within thirty months of the date of the initial qualified Missouri opportunity**
84 **zone investment in the investment property, the taxpayer, either directly or through one**
85 **or more affiliated entities, invests an amount equal to or greater than the adjusted basis**
86 **of the property, excluding land, in improvements that materially enhance the value,**
87 **utility, or productive use of the property. For purposes of this subparagraph, the**
88 **required investment amount may be satisfied through any combination of capital**
89 **contributions, including amounts attributable to Missouri income tax deferred under**
90 **this section and other cash or equity contributions invested in the property. Debt**
91 **financing shall not be treated as an equity investment for purposes of satisfying this test.**

92 **6. In the case of a qualified Missouri opportunity zone investment, if such**
93 **operating business or investment property generates net income attributable to the**
94 **investment during any tax year prior to an inclusion event or the expiration of the**
95 **deferral period, the amount of Missouri income tax previously deferred under this**
96 **section shall be included in Missouri taxable income for such tax year in an amount**
97 **equal to the net income so generated, and any remaining deferred amount shall continue**
98 **to be deferred in accordance with this section.**

99 **7. If a taxpayer holds a qualified Missouri opportunity investment for a period**
100 **of not less than ten years, any gain attributable to such investment and recognized for**
101 **Missouri income tax purposes upon disposition shall be excluded from Missouri taxable**
102 **income.**

103 **8. The Missouri opportunity zone program shall operate independently of**
104 **federal opportunity zone law. Participation in, qualification for, or designation as a**
105 **federal opportunity zone shall not be required to qualify for benefits under this section.**

106 **9. The department of revenue and the department of economic development may**
107 **adopt rules to coordinate benefits under this section with other state tax incentives to**
108 **prevent the deferral or exclusion of the same Missouri income tax liability from being**
109 **claimed more than once.**

110 **10. Notwithstanding the repeal, expiration, or nonrenewal of this section, any**
111 **taxpayer that has made a qualified Missouri opportunity zone investment prior to such**
112 **repeal, expiration, or nonrenewal shall remain eligible for the deferral and exclusion**
113 **benefits provided under this section with respect to such investment, subject to the**
114 **terms and conditions in effect at the time the investment was made.**

115 **11. The department of revenue, in consultation with the department of economic**
116 **development, shall administer this section and may require reasonable documentation**
117 **to verify:**

118 **(1) The amount of Missouri income tax deferred;**

119 **(2) The nature and location of the qualified Missouri opportunity zone**
120 **investment; and**

121 **(3) Compliance with the investment timing, active use, capital deployment,**
122 **holding period, and inclusion-event requirements of this section.**

123 **12. The department of economic development shall promulgate rules to**
124 **implement this section. Such rules shall be consistent with and reasonably necessary to**
125 **carry out the purposes, structure, and operative provisions of this section, including the**
126 **encouragement of long-term, productive investment within Missouri opportunity zones**
127 **and the prevention of tax deferral without meaningful economic activity. Rules**
128 **promulgated under this subsection shall not expand or restrict eligibility, alter the**
129 **nature of qualifying investments, or modify the deferral, inclusion, or exclusion**
130 **mechanics established by this section. Any rule or portion of a rule, as that term is**
131 **defined in section 536.010, that is created under the authority delegated in this section**
132 **shall become effective only if it complies with and is subject to all of the provisions of**
133 **chapter 536 and, if applicable, section 536.028. This section and chapter 536 are**
134 **nonseverable and if any of the powers vested with the general assembly pursuant to**
135 **chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are**

136 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**
137 **proposed or adopted after August 28, 2026, shall be invalid and void.**

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