

HB 2531 -- TAX CREDITS FOR DOWNTOWN REVITALIZATION

SPONSOR: Perkins

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

For all tax years beginning on or after January 1, 2027, this bill authorizes a taxpayer to claim a tax credit equal to 25% of qualified conversion expenditures, as defined in the bill, or 30% of qualified conversion expenditures with respect to upper floor housing, as specified in the bill, incurred for converting nonresidential real property from office use to predominantly residential use, which may include retail or other commercial use. Authorized tax credits are not refundable but may be carried back three years or carried forward 10 years. Tax credits may also be transferred, sold, or assigned, as specified in the bill.

The total amount of tax credits authorized pursuant to this bill must not exceed \$50 million in any fiscal year. Fifty percent of the maximum amount must be reserved for qualified converted buildings of more than 750,000 square feet and must be allocated to the annual limit over a period of 10 years, provided that the project meets the criteria specified in the bill.

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

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

All taxpayers with applications receiving approval must submit, within 120 days following the award of credits, evidence of the capacity of the applicant to finance the costs and expenses for the conversion of the eligible property. All taxpayers with applications receiving approval, excluding projects of more than 750,000 square feet, must commence conversion within 12 months of

the date of issuance of the letter from the Department granting the approval for tax credits.

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

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

This bill sunsets on December 31, 2034.