SECOND REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]
CONFERENCE COMMITTEE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 729
97TH GENERAL ASSEMBLY
2014

AN ACT
To repeal sections 135.305, 135.710, and 137.010, RSMo, and to enact in lieu thereof five new sections relating to taxation.

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

Section A. Sections 135.305, 135.710, and 137.010, RSMo, are repealed and five new sections enacted in lieu thereof, to be known as sections 135.305, 135.710, 137.010, 620.750, and 620.2600, to read as follows:

135.305. A Missouri wood energy producer shall be eligible for a tax credit on taxes otherwise due under chapter 143, except sections 143.191 to 143.261, as a production incentive to produce processed wood products in a qualified wood-producing facility using Missouri forest product residue. The tax credit to the wood energy producer shall be five dollars per ton of processed material. The credit may be claimed for a period of five years and is to be a tax credit against the tax otherwise due. No new tax credits, provided for under sections 135.300 to 135.311, shall be authorized after June 30, [2013] 2020. In no event shall the aggregate amount of all tax credits allowed under sections 135.300 to 135.311 exceed six million dollars in any given fiscal year. There shall be no tax credits authorized under sections 135.300 to 135.311 unless an appropriation is made for such tax credits.

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

(1) "Alternative fuel vehicle refueling property", property in this state owned by an eligible applicant and used for storing alternative fuels and for dispensing such alternative fuels into fuel tanks of motor

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.
vehicles owned by such eligible applicant or private citizens;
(2) "Alternative fuels", any motor fuel at least seventy percent of the volume of which consists of one or more of the following:
(a) Ethanol;
(b) Natural gas;
(c) Compressed natural gas, or CNG;
(d) Liquified natural gas, or LNG;
(e) Liquified petroleum gas, or LP gas, propane, or autogas;
(f) Any mixture of biodiesel and diesel fuel, without regard to any use of kerosene;
(g) Hydrogen;
[(2)] (3) "Department", the department of [natural resources] economic development;
(4) "Electric vehicle recharging property", property in this state owned by an eligible applicant and used for recharging electric motor vehicles owned by such eligible applicant or private citizens;
[(3)] (5) "Eligible applicant", a business entity or private citizen that is the owner of [a qualified] an electric vehicle recharging property or an alternative fuel vehicle refueling property;
(6) "Qualified Missouri contractor", a contractor whose principal place of business is located in Missouri and has been located in Missouri for a period of not less than five years;
[(4)] (7) "Qualified [alternative fuel vehicle refueling] property", [property in this state owned by an eligible applicant and used for storing alternative fuels and for dispensing such alternative fuels into fuel tanks of motor vehicles owned by such eligible applicant or private citizens] an electric vehicle recharging property or an alternative fuel vehicle refueling property which, if constructed after August 28, [2008] 2014, was constructed with at least fifty-one percent of the costs being paid to qualified Missouri contractors for the:
(a) Fabrication of premanufactured equipment or process piping used in the construction of such facility;
(b) Construction of such facility; and
(c) General maintenance of such facility during the time period in which such facility receives any tax credit under this section.
If no qualified Missouri contractor is located within seventy-five miles of the property, the requirement that fifty-one percent of the costs shall be paid to
qualified Missouri contractors shall not apply];

(5) "Qualified Missouri contractor", a contractor whose principal place of business is located in Missouri and has been located in Missouri for a period of not less than five years.

2. For all tax years beginning on or after January 1, [2009] 2015, but before January 1, [2012] 2018, any eligible applicant who installs and operates a qualified [alternative fuel vehicle refueling] property shall be allowed a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265, or due under chapter 147 or chapter 148 for any tax year in which the applicant is constructing the [refueling] qualified property. The credit allowed in this section per eligible applicant who is a private citizen shall not exceed fifteen hundred dollars or per eligible applicant that is a business entity shall not exceed the lesser of twenty thousand dollars or twenty percent of the total costs directly associated with the purchase and installation of any alternative fuel storage and dispensing equipment or any recharging equipment on any qualified [alternative fuel vehicle refueling] property, which shall not include the following:

(1) Costs associated with the purchase of land upon which to place a qualified [alternative fuel vehicle refueling] property;

(2) Costs associated with the purchase of an existing qualified [alternative fuel vehicle refueling] property; or

(3) Costs for the construction or purchase of any structure.

3. Tax credits allowed by this section shall be claimed by the eligible applicant at the time such applicant files a return for the tax year in which the storage and dispensing or recharging facilities were placed in service at a qualified [alternative fuel vehicle refueling] property, and shall be applied against the income tax liability imposed by chapter 143, chapter 147, or chapter 148 after all other credits provided by law have been applied. The cumulative amount of tax credits which may be claimed by eligible applicants claiming all credits authorized in this section shall not exceed [the following amounts]:

(1) In taxable year 2009, three million dollars;

(2) In taxable year 2010, two million dollars; and

(3) In taxable year 2011, one million dollars in any calendar year, subject to appropriations.

4. If the amount of the tax credit exceeds the eligible applicant's tax liability, the difference shall not be refundable. Any amount of credit that an
eligible applicant is prohibited by this section from claiming in a taxable year
may be carried forward to any of such applicant’s two subsequent taxable
years. Tax credits allowed under this section may be assigned, transferred, sold,
or otherwise conveyed.

5. [An alternative fuel vehicle refueling] Any qualified property, for
which an eligible applicant receives tax credits under this section, which ceases
to sell alternative fuel or recharge electric vehicles shall cause the forfeiture
of such eligible applicant’s tax credits provided under this section for the taxable
year in which the [alternative fuel vehicle refueling] qualified property ceased
to sell alternative fuel or recharge electric vehicles and for future taxable
years with no recapture of tax credits obtained by an eligible applicant with
respect to such applicant’s tax years which ended before the sale of alternative
fuel or recharging of electric vehicles ceased.

6. The director of revenue shall establish the procedure by which the tax
credits in this section may be claimed, and shall establish a procedure by which
the cumulative amount of tax credits is apportioned equally among all eligible
applicants claiming the credit. To the maximum extent possible, the director of
revenue shall establish the procedure described in this subsection in such a
manner as to ensure that eligible applicants can claim all the tax credits possible
up to the cumulative amount of tax credits available for the taxable year. No
eligible applicant claiming a tax credit under this section shall be liable for any
interest or penalty for filing a tax return after the date fixed for filing such return
as a result of the apportionment procedure under this subsection.

7. Any eligible applicant desiring to claim a tax credit under this section
shall submit the appropriate application for such credit with the
department. The application for a tax credit under this section shall include any
information required by the department. The department shall review the
applications and certify to the department of revenue each eligible applicant that
qualifies for the tax credit.

8. The department and the department of revenue may promulgate rules
to implement the provisions of this section. Any rule or portion of a rule, as that
term is defined in section 536.010, that is created under the authority delegated
in this section shall become effective only if it complies with and is subject to all
of the provisions of chapter 536 and, if applicable, section 536.028. This section
and chapter 536 are nonseverable and if any of the powers vested with the
general assembly pursuant to chapter 536 to review, to delay the effective date,
or to disapprove and annul a rule are subsequently held unconstitutional, then
the grant of rulemaking authority and any rule proposed or adopted after August
28, 2008, shall be invalid and void.

9. [Pursuant to] **The provisions of** section 23.253 of the Missouri sunset
act **notwithstanding:**

(1) The provisions of the new program authorized under this section shall
automatically sunset [six] **three** years after [August 28, 2008] **December 31, 2014**, unless reauthorized by an act of the general assembly; and

(2) If such program is reauthorized, the program authorized under this
section shall automatically sunset [twelve] **six** years after the effective date of
the reauthorization of this section; and

(3) This section shall terminate on December thirty-first of the calendar
year immediately following the calendar year in which the program authorized
under this section is sunset; **and**

(4) **The provisions of this subsection shall not be construed to** limit or in any way impair the department's ability to redeem tax
credits authorized on or before the date the program authorized under
this section expires or a taxpayer's ability to redeem such tax credits.

137.010. The following words, terms and phrases when used in laws
governing taxation and revenue in the state of Missouri shall have the meanings
ascribed to them in this section, except when the context clearly indicates a
different meaning:

(1) "Grain and other agricultural crops in an unmanufactured condition"
shall mean grains and feeds including, but not limited to, soybeans, cow peas,
wheat, corn, oats, barley, kafir, rye, flax, grain sorghums, cotton, and such other
products as are usually stored in grain and other elevators and on farms; but
excluding such grains and other agricultural crops after being processed into
products of such processing, when packaged or sacked. The term "processing"
shall not include hulling, cleaning, drying, grating, or polishing;

(2) "Hydroelectric power generating equipment", very-low-head turbine
generators with a nameplate generating capacity of at least four hundred
kilowatts but not more than six hundred kilowatts and machinery and equipment
used directly in the production, generation, conversion, storage, or conveyance of
hydroelectric power to land-based devices and appurtenances used in the
transmission of electrical energy;

(3) "Intangible personal property", for the purpose of taxation, shall
include all property other than real property and tangible personal property, as defined by this section;

(4) "Real property" includes land itself, whether laid out in town lots or otherwise, and all growing crops, buildings, structures, improvements and fixtures of whatever kind thereon, hydroelectric power generating equipment, the installed poles used in the transmission or reception of electrical energy, audio signals, video signals or similar purposes, provided the owner of such installed poles is also an owner of a fee simple interest, possessor of an easement, holder of a license or franchise, or is the beneficiary of a right-of-way dedicated for public utility purposes for the underlying land; attached wires, transformers, amplifiers, substations, and other such devices and appurtenances used in the transmission or reception of electrical energy, audio signals, video signals or similar purposes when owned by the owner of the installed poles, otherwise such items are considered personal property; and stationary property used for transportation or storage of liquid and gaseous products, including, but not limited to, petroleum products, natural gas, propane or LP gas equipment, water, and sewage;

(5) "Tangible personal property" includes every tangible thing being the subject of ownership or part ownership whether animate or inanimate, other than money, and not forming part or parcel of real property as herein defined, but does not include household goods, furniture, wearing apparel and articles of personal use and adornment, as defined by the state tax commission, owned and used by a person in his home or dwelling place.

620.750. 1. The department of economic development, subject to an appropriation not to exceed five million dollars each fiscal year, shall develop and implement rural regional development grants as provided in this section.

2. Rural regional development grants may be provided to qualified rural regional development groups. After the award of a grant, the group shall:

(1) Track and monitor job creation and investment in the region using quantitative measures that measure progress toward preestablished goals;

(2) Establish a process for enrolling commercial and industrial development sites in the region in the state-certified sites program or maintain a list of state-certified commercial and industrial
14 development sites in the region;
15   (3) Measure the skills of the region's workforce;
16   (4) Provide an organizational chart demonstrating that private
17       businesses and local governmental and educational officials are
18       involved in the group; and
19   (5) Provide documentation of the group's financial activities for
20       the current year.
21 3. A rural regional development group shall not qualify for a
22 rural regional development grant if:
23   (1) The group's region includes a county or portion of another
24       state outside the state of Missouri; or
25   (2) The group maintains an operating budget greater than two
26       hundred fifty thousand dollars.
27 4. Applications for rural regional development grants shall only
28 be submitted for a rural regional development group by a regional
29 planning commission created under chapter 251 or other legally
30 created regional planning commission. A regional planning commission
31 may submit applications on behalf of more than one rural regional
32 development group, except that a regional planning commission shall
33 not submit an application on behalf of a group that the regional
34 planning commission does not recognize as the economic development
35 authority for the county that the authority represents.
36 5. The regional planning commission may charge an application
37 fee for the grants developed under this section. The regional planning
38 commission shall be allowed to claim reimbursement from the grant
39 recipient for actual costs of administering the grants.
40 6. A single grant shall not exceed one hundred fifty thousand
41 dollars. Each of the nineteen regions of the state represented by a
42 regional planning commission created under chapter 251 or other
43 legally created regional planning commission shall not receive more
44 than two grants per region annually.
45 7. Grants provided under this section shall be distributed based
46 on a rural regional development group's years in operation. The
47 eligible amount shall be:
48   (1) For a group in operation two years or more on a matching
49       basis of three dollars of state funds for every one dollar of funds
50       provided or raised by the rural regional development group, including
the value of in-kind services, supplies, or equipment;

(2) For groups in operation less than two years on a matching basis of one dollar of state funds for every one dollar of funds provided or raised by the rural regional development group, including the value of in-kind services, supplies, or equipment.

8. Uses for the grants may include, but are not limited to, the following activities:

(1) Workforce development activities, such as evaluation and education;

(2) Entrepreneurship training for pre-venture and existing businesses;

(3) Development of regional marketing techniques and activities;

(4) International trade training for new-to-export businesses in the region;

(5) In-depth market research and financial analysis for businesses in the region;

(6) Demographic and market opportunity research to assist regional planning commissions in developing their comprehensive economic development strategy.

9. The grant recipient shall annually report to the governor; the director of the department of economic development; the senate committee on commerce, consumer protection and the environment; the house committee on economic development and any successor committees thereto, the allocation of the grants and the purposes for which the funding was used.

10. The department of economic development may promulgate rules governing the award of grants under this section. Any rule or portion of a rule, as that term is defined in section 536.010 that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all the provisions of chapter 536, and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2014, shall be invalid and void.

620.2600. 1. This section shall be known and may be cited as the
"Innovation Campus Tax Credit Act".

2. As used in this section, the following terms mean:
   (1) "Certificate", a tax credit certificate issued under this section;
   (2) "Department", the Missouri department of economic development;
   (3) "Eligible donation", donations received from a taxpayer by innovation campuses that are to be used solely for projects that advance learning in the areas of science, technology, engineering, and mathematics. Eligible donations may include cash, publicly traded stocks and bonds, and real estate that shall be valued and documented according to the rules promulgated by the department of economic development;
   (4) "Innovation education campus" or "innovation campus", as defined in section 178.1100;
   (5) "Taxpayer", any of the following individuals or entities who make an eligible donation to any innovation campus:
      (a) A person, firm, partner in a firm, corporation, or a shareholder in an S corporation doing business in the state of Missouri and subject to the state income tax imposed in chapter 143;
      (b) A corporation subject to the annual corporation franchise tax imposed in chapter 147;
      (c) An insurance company paying an annual tax on its gross premium receipts in this state;
      (d) Any other financial institution paying taxes to the state of Missouri or any political subdivisions of this state under chapter 148;
      (e) An individual subject to the state income tax imposed in chapter 143;
      (f) Any charitable organization which is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under chapter 143.

3. For all taxable years beginning on or after January 1, 2015, any taxpayer shall be allowed a credit against the taxes otherwise due under chapters 147, 148, or 143, excluding withholding tax imposed by sections 143.191 to 143.265, in an amount equal to fifty percent of the amount of an eligible donation, subject to the restrictions in this section. The amount of the tax credit claimed shall not exceed the
amount of the taxpayer's state income tax liability in the tax year for
which the credit is claimed. Any amount of credit that the taxpayer is
prohibited by this section from claiming in a tax year shall not be
refundable, but may be carried forward to any of the taxpayer's four
subsequent taxable years.

4. To claim the credit authorized in this section, an innovation
campus may submit to the department an application for the tax credit
authorized by this section on behalf of taxpayers. The department shall
verify that the innovation campus has submitted the following items:

   (1) A valid application in the form and format required by the
department;
   (2) A statement attesting to the eligible donation received, which
shall include the name and taxpayer identification number of the
taxpayer making the eligible donation, the amount of the eligible
donation, and the date the eligible donation was received by the
innovation campus; and
   (3) Payment from the innovation campus equal to the value of
the tax credit for which application is made.

If the innovation campus applying for the tax credit meets all criteria
required by this subsection, the department shall issue a certificate in
the appropriate amount.

5. Tax credits issued under this section may be assigned,
transferred, sold, or otherwise conveyed, and the new owner of the tax
credit shall have the same rights in the credit as the
taxpayer. Whenever a certificate is assigned, transferred, sold, or
otherwise conveyed, a notarized endorsement shall be filed with the
department specifying the name and address of the new owner of the
tax credit and the value of the credit.

6. The department may promulgate rules to implement the
provisions of this section. Any rule or portion of a rule, as that term is
defined in section 536.010, that is created under the authority delegated
in this section shall become effective only if it complies with and is
subject to all of the provisions of chapter 536 and, if applicable, section
536.028. This section and chapter 536 are nonseverable and if any of
the powers vested with the general assembly pursuant to chapter 536
to review, to delay the effective date, or to disapprove and annul a rule
are subsequently held unconstitutional, then the grant of rulemaking
authority and any rule proposed or adopted after August 28, 2014, shall be invalid and void.

7. Under section 23.253 of the Missouri sunset act:

(1) The program authorized under this section shall expire six years after the effective date of this act unless reauthorized by an act of the general assembly; and

(2) If such program is reauthorized, the program authorized under this section shall automatically sunset twelve years after the effective date of this section; and

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