FIRST REGULAR SESSION

HOUSE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 392

91ST GENERAL ASSEMBLY

Reported from the Committee on Commerce and Economic Development, May 8, 2001, with recommendation that the House Committee Substitute for Senate Bill No. 392 Do Pass.

TED WEDEL, Chief Clerk

0846L.11C

AN ACT

To repeal sections 67.1360, 99.820, 135.207, 135.208, 135.209, 135.230, 135.305, 135.478, 135.481, 135.484, 135.487, 135.500, 135.503, 135.508, 135.516, 135.530, 208.770 and 620.1450, RSMo 2000, section 135.200 as enacted by conference committee substitute for senate substitute for senate committee substitute for house substitute for house committee substitute for house bill no. 701, ninetieth general assembly, first regular session, section 135.200 as enacted by conference committee substitute for house committee substitute for senate bill no. 1, eighty-ninth general assembly, second extraordinary session, and section 135.200 as enacted by senate substitute for senate committee substitute for house substitute for house committee substitute for house bill no. 1656, eighty-ninth general assembly, second regular session, relating to tax incentives for economic development, and to enact in lieu thereof twenty-four new sections relating to the same subject.

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

Section A. Sections 67.1360, 99.820, 135.207, 135.208, 135.209, 135.230, 135.305, 135.478, 135.481, 135.484, 135.487, 135.500, 135.503, 135.508, 135.516, 135.530, 208.770 and 620.1450, RSMo 2000, section 135.200 as enacted by conference committee substitute for senate substitute for senate committee substitute for house substitute for house committee substitute for house bill no. 701, ninetieth general assembly, first regular session, section 135.200 as enacted by conference committee substitute for house committee substitute for senate bill no. 1, eighty-ninth general assembly, second extraordinary session, and section 135.200 as enacted by senate substitute for senate committee substitute

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

for house substitute for house committee substitute for house bill no. 1656, eighty-ninth general assembly, second regular session, are repealed and twenty-four new sections enacted in lieu thereof, to be known as sections 67.1360, 67.1442, 99.820, 135.200, 135.207, 135.208, 135.209, 135.230, 135.248, 135.305, 135.406, 135.478, 135.481, 135.484, 135.487, 135.500, 135.503, 135.508, 135.516, 135.527, 135.530, 208.770, 415.417 and 620.1450, to read as follows:

67.1360. The governing body of a city with a population of more than seven thousand and less than seven thousand five hundred and a county with a population of over nine thousand six hundred and less than twelve thousand which has a total assessed valuation of at least sixty-three million dollars, if the county submits the issue to the voters of such county prior to January 1, 2003, or a third class city which is the county seat of a county of the third classification without a township form of government with a population of at least twenty-five thousand but not more than thirty thousand inhabitants, or any fourth class city having, according to the last federal decennial census, a population of more than one thousand eight hundred fifty inhabitants but less than one thousand nine hundred fifty inhabitants in a county of the first classification with a charter form of government and having a population of greater than six hundred thousand but less than nine hundred thousand inhabitants, or any city having a population of more than three thousand but less than eight thousand inhabitants in a county of the fourth classification having a population of greater than forty-eight thousand inhabitants, or any city having a population of less than two hundred fifty inhabitants in a county of the fourth classification having a population of greater than forty-eight thousand inhabitants, or any fourth class city having a population of more than two thousand five hundred but less than three thousand inhabitants in a county of the third classification having a population of more than twenty-five thousand but less than twenty-seven thousand inhabitants, or any third class city with a population of more than three thousand two hundred but less than three thousand three hundred located in a county of the third classification having a population of more than thirty-five thousand but less than thirty-six thousand, or any county of the second classification without a township form of government and a population of less than thirty thousand or any city of the fourth class in a county of the second classification without a township form of government and a population of less than thirty thousand, or any county of the third classification with a township form of government and a population of at least twenty-eight thousand but not more than thirty thousand and any city of the fourth class with a population of more than one thousand eight hundred but less than two thousand in a county of the third classification with a township form of government and a population of at least twenty- eight thousand but not more than thirty thousand, or any city of the third class with a population of more than seven thousand two hundred but less than seven thousand five hundred within a county of the third classification with a population of more than twenty-one thousand but less than twenty-three thousand, or any fourth class city having a population of more than two thousand eight hundred but less than three thousand one hundred inhabitants in a county of the third classification with a township form of government having a population of more than eight thousand four hundred but less than nine thousand inhabitants **or any county of the second**

classification with a population of more than forty-four thousand but less than fifty thousand inhabitants or any home rule city with a population of more than forty-four thousand but less than forty-five thousand inhabitants located in more than one county, including one county of the second classification with a population of more than forty-four thousand but less than fifty thousand inhabitants may impose a tax on the charges for all sleeping rooms paid by the transient guests of hotels, motels, bed and breakfast inns and campgrounds and any docking facility which rents slips to recreational boats which are used by transients for sleeping, which shall be at least two percent, but not more than five percent per occupied room per night, except that such tax shall not become effective unless the governing body of the city or county submits to the voters of the city or county at a state general, primary or special election, a proposal to authorize the governing body of the city or county to impose a tax pursuant to the provisions of this section and section 67.1362. The tax authorized by this section and section 67.1362 shall be in addition to any charge paid to the owner or operator and shall be in addition to any and all taxes imposed by law and the proceeds of such tax shall be used by the city or county solely for funding the promotion of tourism. Such tax shall be stated separately from all other charges and taxes.

67.1442. Upon the written request of any real property owner within a city having a population of at least one hundred forty-nine thousand, located in a noncharter county of the first classification with a population of at least two hundred seven thousand, the governing body of the municipality may hold a public hearing for the removal of real property from such district or moved from one zone designation of the district to another zone designation of the district and such real property may be removed from such district or moved from one zone designation of a district to another zone designation of the same district, provided that:

(1) The board consents to the removal of such property;

(2) The district can meet its obligations without the revenues generated by or on the real property proposed to be removed from the district or moved from one zone designation of the district to another zone designation of the same district; and

(3) The public hearing is conducted in the same manner as required by section 67.1431 with notice of the hearing given in the same manner as required by section 67.1431 and such notice shall include:

(a) The date, time and place of the public hearing;

(b) The name of the district;

(c) The boundaries by street location, or other readily identifiable means if no street location exists of the real property proposed to be removed from the district or moved from one zone of designation of the district to another zone of designation of the same district, and a map illustrating the boundaries of the existing district and the real property proposed to be removed; and

(d) A statement that all interested persons shall be given an opportunity to be heard at

the public hearing.

99.820. 1. A municipality may:

(1) By ordinance introduced in the governing body of the municipality within fourteen to ninety days from the completion of the hearing required in section 99.825, approve redevelopment plans and redevelopment projects, and designate redevelopment project areas pursuant to the notice and hearing requirements of sections 99.800 to 99.865. No redevelopment project shall be approved unless a redevelopment plan has been approved and a redevelopment area has been designated prior to or concurrently with the approval of such redevelopment project and the area selected for the redevelopment project shall include only those parcels of real property and improvements thereon directly and substantially benefited by the proposed redevelopment project improvements;

(2) Make and enter into all contracts necessary or incidental to the implementation and furtherance of its redevelopment plan or project;

(3) Pursuant to a redevelopment plan, subject to any constitutional limitations, acquire by purchase, donation, lease or**, as part of a redevelopment project,** eminent domain, own, convey, lease, mortgage, or dispose of, land and other property, real or personal, or rights or interests therein, and grant or acquire licenses, easements and options with respect thereto, all in the manner and at such price the municipality or the commission determines is reasonably necessary to achieve the objectives of the redevelopment plan. No conveyance, lease, mortgage, disposition of land or other property, acquired by the municipality, or agreement relating to the development of the property shall be made except upon the adoption of an ordinance by the governing body of the municipality. Each municipality or its commission shall establish written procedures relating to bids and proposals for implementation of the redevelopment projects. Furthermore, no conveyance, lease, mortgage, or other disposition of land or agreement relating to the development of property shall be made without making public disclosure of the terms of the disposition and all bids and proposals made in response to the municipality's request. Such procedures for obtaining such bids and proposals shall provide reasonable opportunity for any person to submit alternative proposals or bids;

(4) Within a redevelopment area, clear any area by demolition or removal of existing buildings and structures;

(5) Within a redevelopment area, renovate, rehabilitate, or construct any structure or building;

(6) Install, repair, construct, reconstruct, or relocate streets, utilities, and site improvements essential to the preparation of the redevelopment area for use in accordance with a redevelopment plan;

(7) Within a redevelopment area, fix, charge, and collect fees, rents, and other charges for the use of any building or property owned or leased by it or any part thereof, or facility therein;

(8) Accept grants, guarantees, and donations of property, labor, or other things of value from a public or private source for use within a redevelopment area;

(9) Acquire and construct public facilities within a redevelopment area;

(10) Incur redevelopment costs and issue obligations;

(11) Make payment in lieu of taxes, or a portion thereof, to taxing districts;

(12) Disburse surplus funds from the special allocation fund to taxing districts as follows:

(a) Such surplus payments in lieu of taxes shall be distributed to taxing districts within the redevelopment area which impose ad valorem taxes on a basis that is proportional to the current collections of revenue which each taxing district receives from real property in the redevelopment area;

(b) Surplus economic activity taxes shall be distributed to taxing districts in the redevelopment area which impose economic activity taxes, on a basis that is proportional to the amount of such economic activity taxes the taxing district would have received from the redevelopment area had tax increment financing not been adopted;

(c) Surplus revenues, other than payments in lieu of taxes and economic activity taxes, deposited in the special allocation fund, shall be distributed on a basis that is proportional to the total receipt of such other revenues in such account in the year prior to disbursement;

(13) If any member of the governing body of the municipality, a member of a commission established pursuant to subsection 2 of this section, or an employee or consultant of the municipality, involved in the planning and preparation of a redevelopment plan, or redevelopment project for a redevelopment area or proposed redevelopment area, owns or controls an interest, direct or indirect, in any property included in any redevelopment area, or proposed redevelopment area, **which property is to be acquired or improved pursuant to a redevelopment project,** he or she shall disclose the same in writing to the clerk of the municipality, and shall also so disclose the dates, terms, and conditions of any disposition of any such interest, which disclosures shall be acknowledged by the governing body of the municipality and entered upon the minutes books of the governing body of the municipality. If an individual holds such an interest, then that individual shall refrain from any further official involvement in regard to such redevelopment plan, redevelopment project or redevelopment area, from voting on any matter pertaining to such redevelopment plan, redevelopment project or redevelopment area, or communicating with other members concerning any matter pertaining to that redevelopment plan, redevelopment project or redevelopment area. Furthermore, no such member or employee shall acquire any interest, direct or indirect, in any property in a redevelopment area or proposed redevelopment area after either (a) such individual obtains knowledge of such plan or project, or (b) first public notice of such plan, project or area pursuant to section 99.830, whichever first occurs;

(14) Charge as a redevelopment cost the reasonable costs incurred by its clerk or other official in administering the redevelopment project. The charge for the clerk's or other official's costs shall be determined by the municipality based on a recommendation from the commission, created pursuant to this section.

2. Prior to adoption of an ordinance approving the designation of a redevelopment area or approving a redevelopment plan or redevelopment project, the municipality shall create a commission of

nine persons if the municipality is a county or a city not within a county and not a first class county with a charter form of government with a population in excess of nine hundred thousand, and eleven persons if the municipality is not a county and not in a first class county with a charter form of government having a population of more than nine hundred thousand, and twelve persons if the municipality is located in or is a first class county with a charter form of government having a population of more than nine hundred thousand, to be appointed as follows:

(1) In all municipalities two members shall be appointed by the school boards whose districts are included within the redevelopment plan or redevelopment area. Such members shall be appointed in any manner agreed upon by the affected districts;

(2) In all municipalities one member shall be appointed, in any manner agreed upon by the affected districts, to represent all other districts levying ad valorem taxes within the area selected for a redevelopment project or the redevelopment area, excluding representatives of the governing body of the municipality;

(3) In all municipalities six members shall be appointed by the chief elected officer of the municipality, with the consent of the majority of the governing body of the municipality;

(4) In all municipalities which are not counties and not in a first class county with a charter form of government having a population in excess of nine hundred thousand, two members shall be appointed by the county of such municipality in the same manner as members are appointed in subdivision (3) of this subsection;

(5) In a municipality which is a county with a charter form of government having a population in excess of nine hundred thousand, three members shall be appointed by the cities in the county which have tax increment financing districts in a manner in which the cities shall agree;

(6) In a municipality which is located in the first class county with a charter form of government having a population in excess of nine hundred thousand, three members shall be appointed by the county of such municipality in the same manner as members are appointed in subdivision (3) of this subsection;

(7) At the option of the members appointed by the municipality, the members who are appointed by the school boards and other taxing districts may serve on the commission for a term to coincide with the length of time a redevelopment project, redevelopment plan or designation of a redevelopment area, is considered for approval by the commission, or for a definite term pursuant to this subdivision. If the members representing school districts and other taxing districts are appointed for a term coinciding with the length of time a redevelopment project, plan or area is approved, such term shall terminate upon final approval of the project, plan or designation of the area by the governing body of the municipality. Thereafter the commission shall consist of the six members appointed by the municipality, except that members representing school boards and other taxing districts shall be appointed as provided in this section prior to any amendments to any redevelopment plans, redevelopment projects or designation of a redevelopment area. If any school district or other taxing jurisdiction fails to appoint members of the

commission within thirty days of receipt of written notice of a proposed redevelopment plan, redevelopment project or designation of a redevelopment area, the remaining members may proceed to exercise the power of the commission. Of the members first appointed by the municipality, two shall be designated to serve for terms of two years, two shall be designated to serve for a term of three years and two shall be designated to serve for a term of four years from the date of such initial appointments. Thereafter, the members appointed by the municipality shall serve for a term of four years, except that all vacancies shall be filled for unexpired terms in the same manner as were the original appointments.

3. The commission, subject to approval of the governing body of the municipality, may exercise the powers enumerated in sections 99.800 to 99.865, except final approval of plans, projects and designation of redevelopment areas. The commission shall hold public hearings and provide notice pursuant to sections 99.825 and 99.830. The commission shall vote on all proposed redevelopment plans, redevelopment projects and designations of redevelopment areas, and amendments thereto, within thirty days following completion of the hearing on any such plan, project or designation and shall make recommendations to the governing body within ninety days of the hearing referred to in section 99.825 concerning the adoption of, or amendment to redevelopment plans and redevelopment projects and the designation of redevelopment areas. The requirements of subsection 2 of this section and this subsection shall not apply to redevelopment projects upon which the required hearings have been duly held prior to August 31, 1991.

135.200. The following terms, whenever used in sections 135.200 to **[**135.256**]** **135.257**, mean:

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

(2) "Director", the director of the department of economic development;

(3) "Facility", any building used as a revenue-producing enterprise located within an enterprise zone, including the land on which the facility is located and all machinery, equipment and other real and depreciable tangible personal property acquired for use at and located at or within such facility and used in connection with the operation of such facility;

(4) "Governing authority", the body holding primary legislative authority over a county or incorporated municipality;

(5) "New business facility" shall have the meaning defined in section 135.100, except that the term "lease" as used therein shall not include the leasing of property defined in paragraph (d) of subdivision (6) of this section;

(6) "Revenue-producing enterprise" means:

(a) Manufacturing activities classified as SICs 20 through 39;

(b) Agricultural activities classified as SIC 025;

(c) Rail transportation terminal activities classified as SIC 4013;

(d) Renting or leasing of residential property to low and moderate income persons as defined in federal law, 42 U.S.C. 5302(a)(20);

(e) Motor freight transportation terminal activities classified as SIC 4231;

(f) Public warehousing and storage activities classified as SICs 422 and 423 except SIC 4221, miniwarehouse warehousing and warehousing self-storage;

(g) Water transportation terminal activities classified as SIC 4491;

(h) **Airports, flying fields and airport terminal services classified as SIC 4581;**

(i) Wholesale trade activities classified as SICs 50 and 51;

[(i)**] (j)** Insurance carriers activities classified as SICs 631, 632 and 633;

[(j)**] (k)** Research and development activities classified as SIC 873, except 8733;

[(k)**] (l)** Farm implement dealer activities classified as SIC 5999;

[(l)**] (m)** Employment agency activities classified as SIC 7361;

[(m)**] (n)** Computer programming, data processing and other computer-related activities classified as SIC 737;

[(n)**] (o)** Health service activities classified as SICs 801, 802, 803, 804, 806, 807, 8092 and 8093;

[(o)**] (p)** Interexchange telecommunications as defined in subdivision **[**(20)**] (24)** of section 386.020, RSMo, or training activities conducted by an interexchange telecommunications company as defined in subdivision **[**(19)**] (23)** of section 386.020, RSMo;

[(p)**] (q)** Recycling activities classified as SIC 5093;

[(q)**] (r)** Banking activities classified as SICs 602 and 603;

[(r)**] (s)** Office activities as defined in subdivision (8) of section 135.100, notwithstanding SIC classification;

[(s)**] (t)** Mining activities classified as SICs 10 through 14;

[(t)**] (u)** Photofinishing laboratory activities classified in SIC 7384 and microfilm recording and developing services as contained in SIC classification 7389, provided that each such revenue-producing enterprise employs a minimum of one hundred employees at a single business facility;

[(u)**] (v)** The administrative management of any of the foregoing activities; **[**or**]**

[(v)**] (w)** Any combination of any of the foregoing activities;

(x) Hotel and motel activities located within a federally designated champion community which is located in a city of the fourth classification with a population of more than four thousand located in a county of the third classification without a township form of government and with a population of more than thirteen thousand and less than thirteen thousand eight hundred and classified as SIC 7011 or NAICS 72111. Notwithstanding any other provisions of law to the contrary, hotel and motel activities as defined in this subdivision shall not be eligible for state enterprise zone tax credits but shall be eligible for the real property improvements exemption provided in subsection 1 of section 135.215, regardless of the number of new jobs created and maintained;

A revenue-producing enterprise which is identified by a SIC classification number includes enterprises with the corresponding classification number in the 1997 edition of the North American Industry Classification System as prepared by the Executive Office of the President of the United States, Office of Management and Budget;

(7) "Satellite zone", a noncontiguous addition to an existing state designated enterprise zone;

(8) "SIC", the **primary** standard industrial classification as such classifications are defined in the 1987 edition of the Standard Industrial Classification Manual as prepared by the Executive Office of the President, Office of Management and Budget. **For the purpose of this subdivision, "primary" means at least fifty percent of the activities so classified are performed at the new business facility during the taxpayer's tax period in which such tax credits are being claimed.**

[135.200. The following terms, whenever used in sections 135.200 to 135.256, mean:

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

(2) "Director", the director of the department of economic development;

(3) "Facility", any building used as a revenue-producing enterprise located within an enterprise zone, including the land on which the facility is located and all machinery, equipment and other real and depreciable tangible personal property acquired for use at and located at or within such facility and used in connection with the operation of such facility;

(4) "Governing authority", the body holding primary legislative authority over a county or incorporated municipality;

(5) "New business facility" shall have the meaning defined in section 135.100, except that the term "lease" as used therein shall not include the leasing of property defined in paragraph (d) of subdivision (6) of this section;

(6) "Revenue-producing enterprise", means:

(a) Manufacturing activities classified as SICs 20 through 39;

(b) Agricultural activities classified as SIC 025;

(c) Rail transportation terminal activities classified as SIC 4013;

(d) Renting or leasing of residential property to low- and moderate- income persons as defined in federal law, 42 U.S.C. 5302(a)(20);

(e) Motor freight transportation terminal activities classified as SIC 4231;

(f) Public warehousing and storage activities classified as SICs 422 and 423 except SIC 4221, miniwarehouse warehousing and warehousing self-storage;

(g) Water transportation terminal activities classified as SIC 4491;

(h) Airports, flying fields, and airport terminal services classified as SIC 4581;

(i) Wholesale trade activities classified as SICs 50 and 51;

(j) Insurance carriers activities classified as SICs 631, 632 and 633;

(k) Research and development activities classified as SIC 873, except 8733;

(l) Farm implement dealer activities classified as SIC 5999;

(m) Employment agency activities classified as SIC 7361;

(n) Computer programming, data processing and other computer-related activities classified as SIC 737;

(o) Health service activities classified as SICs 801, 802, 803, 804, 806, 807, 8092 and 8093;

(p) Interexchange telecommunications as defined in subdivision (20) of section 386.020, RSMo, or training activities conducted by an interexchange telecommunications company as defined in subdivision (19) of section 386.020, RSMo;

(q) Recycling activities classified as SIC 5093;

(r) Banking activities classified as SICs 602 and 603;

(s) Office activities as defined in subdivision (8) of section 135.100, notwithstanding SIC classification;

(t) Mining activities classified as SICs 10 through 14;

(u) The administrative management of any of the foregoing activities; or

(v) Any combination of any of the foregoing activities;

(7) "Satellite zone", a noncontiguous addition to an existing state designated enterprise zone;

(8) "SIC", the standard industrial classification as such classifications are defined in the 1987 edition of the Standard Industrial Classification Manual as prepared by the Executive Office of the President, Office of Management and Budget.**]**

[135.200. The following terms, whenever used in sections 135.200 to 135.256, mean:

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

(2) "Director", the director of the department of economic development;

(3) "Facility", any building used as a revenue-producing enterprise located within an enterprise zone, including the land on which the facility is located and all machinery, equipment and other real and depreciable tangible personal property acquired for use at and located at or within such facility and used in connection with the operation of such facility;

(4) "Governing authority", the body holding primary legislative authority over a county or incorporated municipality;

(5) "New business facility" shall have the meaning defined in section 135.100, except that the term "lease" as used therein shall not include the leasing of property defined in paragraph (d) of subdivision (6) of this section;

(6) "Revenue-producing enterprise", means:

(a) Manufacturing activities classified as SICs 20 through 39;

(b) Agricultural activities classified as SIC 025;

(c) Rail transportation terminal activities classified as SIC 4013;

(d) Renting or leasing of residential property to low and moderate income persons as defined in federal law, 42 U.S.C. 5302(a)(20);

(e) Motor freight transportation terminal activities classified as SIC 4231;

(f) Public warehousing and storage activities classified as SICs 422 and 423 except SIC 4221, miniwarehouse warehousing and warehousing self-storage;

(g) Water transportation terminal activities classified as SIC 4491;

(h) Wholesale trade activities classified as SICs 50 and 51;

(i) Insurance carriers activities classified as SICs 631, 632 and 633;

(j) Research and development activities classified as SIC 873, except 8733;

(k) Farm implement dealer activities classified as SIC 5999;

(l) Employment agency activities classified as SIC 7361;

(m) Computer programming, data processing and other computer-related activities classified as SIC 737;

(n) Health service activities classified as SICs 801, 802, 803, 804, 806, 807, 8092 and 8093;

(o) Interexchange telecommunications as defined in subdivision (20) of section 386.020, RSMo, or training activities conducted by an interexchange telecommunications company as defined in subdivision (19) of section 386.020, RSMo;

(p) Recycling activities classified as SIC 5093;

(q) Banking activities classified as SICs 602 and 603;

(r) Office activities as defined in subdivision (8) of section 135.100, notwithstanding SIC classification;

(s) Mining activities classified as SICs 10 through 14;

(t) The administrative management of any of the foregoing activities; or

(u) Any combination of any of the foregoing activities;

(7) "Satellite zone", a noncontiguous addition to an existing state designated enterprise zone;

(8) "SIC", the primary standard industrial classification as such classifications are defined in the 1987 edition of the Standard Industrial Classification Manual as prepared by the Executive Office of the President, Office of Management and Budget. For the purpose of this subdivision, "primary" means at least fifty percent of the activities so classified are performed at the new business facility during the taxpayer's tax period in which such tax credits are being claimed.**]**

135.207. 1. (1) Any city with a population of at least three hundred fifty thousand inhabitants which is located in more than one county and any city not within a county, which includes an existing state designated enterprise zone within the corporate limits of the city may each, upon approval of the local governing authority of the city and the director of the department of economic development, designate up to three satellite zones within its corporate limits. A prerequisite for the designation of a satellite zone shall be the approval by the director of a plan submitted by the local governing authority of the city describing how the satellite zone corresponds to the city's overall enterprise zone strategy.

(2) Any Missouri community classified as a village whose borders lie adjacent to a city with a population in excess of three hundred fifty thousand inhabitants as described in subdivision (1) of this subsection, and which has within the corporate limits of the village a factory, mining operation, office, mill, plant or warehouse which has at least three thousand employees and has an investment in plant, machinery and equipment of at least two hundred million dollars may, upon securing approval of the director and the local governing authorities of the village and the adjacent city which contains an existing state designated enterprise zone, designate one satellite zone to be located within the corporate limits of the village, such zone to be in addition to the six authorized in subdivision (1) of this subsection.

(3) Any geographical area partially contained within any city not within a county and partially contained within any county of the first classification with a charter form of government with a population of nine hundred thousand or more inhabitants, which area is comprised of a total population of at least four thousand inhabitants but not more than seventy-two thousand inhabitants, and which area consists of at least one fourth class city, and has within its boundaries a military reserve facility and a utility pumping station having a capacity of ten million cubic feet, may, upon securing approval of the director and the appropriate local governing authorities as provided for in section 135.210, be designated as a satellite zone, such zone

to be in addition to the six authorized in subdivision (1) of this subsection.

(4) Any city with a population of at least one hundred and forty thousand inhabitants that is located in a county of the first classification with a noncharter form of government with a population of less than two hundred and seventy thousand which includes an existing state designated enterprise zone within the corporate limits of the city may, upon approval of the local governing authority of the city and the director of the department of economic development, designate up to three satellite zones within its corporate limits, one of which shall be east of and adjacent to its municipally owned airport and one on land owned by the city which contains a wastewater treatment plant with a treatment capacity of five million six hundred thousand cubic feet per day and an electric power plant having a capacity of at least two hundred seventy-five thousand megawatts. A prerequisite for the designation of a satellite zone shall be the approval by the director of a plan submitted by the local governing authority of the city describing how the satellite zone corresponds to the city's overall enterprise zone strategy.

2. For satellite zones designated pursuant to the provisions of subdivisions (1) and (3) of subsection 1 of this section, the satellite zones, in conjunction with the existing state-designated enterprise zone shall meet the following criteria:

(1) The area is one of pervasive poverty, unemployment, and general distress, or one in which a large number of jobs have been lost, a large number of employers have closed, or in which a large percentage of available production capacity is idle. For the purpose of this subdivision, "large number of jobs" means one percent or more of the area's population according to the most recent decennial census, and "large number of employers" means over five;

(2) At least fifty percent of the residents living in the area have incomes below eighty percent of the median income of all residents within the state of Missouri according to the last decennial census or other appropriate source as approved by the director;

(3) The resident population of the existing state designated enterprise zone and its satellite zones must be at least four thousand but not more than seventy-two thousand at the time of designation;

(4) The level of unemployment of persons, according to the most recent data available from the division of employment security or from the United States Bureau of Census and approved by the director, within the area exceeds one and one-half times the average rate of unemployment for the state of Missouri over the previous twelve months, or the percentage of area residents employed on a full-time basis is less than sixty percent of the statewide percentage of residents employed on a full-time basis.

3. A qualified business located within a satellite zone shall be subject to the same eligibility criteria and can be eligible to receive the same benefits as a qualified facility in sections 135.200 to 135.255.

135.208. 1. In addition to the number of enterprise zones authorized under the provisions of sections 135.206 and 135.210, the department of economic development shall designate one such zone in any county of the third class which is south of the Missouri River and which adjoins one county of the

second class and also the state of Oklahoma. Such designation shall only be made if the area of the county which is to be included in the enterprise zone meets all the requirements of section 135.205.

2. In addition to the number of enterprise zones authorized under the provisions of sections 135.206 and 135.210, the department of economic development shall designate one such zone in any county of the third class which borders the Missouri River and which adjoins a county of the second class with a population of at least one hundred thousand inhabitants and which contains a branch of the state university. Such designation shall only be made if the area of the county which is to be included in the enterprise zone meets all the requirements of section 135.205.

3. In addition to the number of enterprise zones authorized under the provisions of sections 135.206, 135.210 and 135.256, the department of economic development shall designate one such zone in every county of the third class without a township form of government with a population of more than seven thousand eight hundred but less than ten thousand inhabitants located south of the Missouri River, which adjoins one third class county with a township form of government, and which adjoins no first or second class county. Such enterprise zone designation shall only be made if the area in the county which is to be included in the enterprise zone meets all the requirements of section 135.205.

4. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.210 and 135.256, the department of economic development shall designate one such zone in a city of the third class with a population of more than eight thousand but less than ten thousand located in a county of the third classification with a township form of government with a population of more than twenty thousand but less than twenty-two thousand. Such enterprise zone designation shall only be made if the area in the city which is to be included in the enterprise zone meets all the requirements of section 135.205.

5. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.210 and 135.256, the department of economic development shall designate one such zone for any city with a home rule form of government and a population of at least one hundred ten thousand inhabitants but not more than one hundred thirty thousand inhabitants. Such enterprise zone designation shall only be made if the area in the city which is to be included in the enterprise zone meets all the requirements of section 135.205.

6. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.210 and 135.256, the department of economic development shall designate one such zone for any county of the first classification without a charter form of government with a population of less than thirty thousand inhabitants. Such enterprise zone designation shall only be made if the area in the city which is to be included in the enterprise zone meets all the requirements of section 135.205.

7. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.210, 135.256 and 135.257, the department of economic development shall designate one such zone in a city of the fourth classification with a population of at least three thousand but less than four

thousand inhabitants located in a county of the second classification with a population of at least twenty thousand but not more than twenty-five thousand inhabitants. Such enterprise zone designation shall only be made if such area which is to be included in the enterprise zone meets all the requirements of section 135.205.

8. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.210, 135.256 and 135.257, the department of economic development shall designate one such zone for any area that includes property in two adjoining counties where one county is a county of the third classification without a township form of government with a population of less than sixteen thousand three hundred and more than sixteen thousand inhabitants and the other county is a county of the first classification having a population of at least one hundred seventy-one thousand but less than one hundred seventy-two thousand inhabitants. Such enterprise zone designation shall only be made if such area which is to be included in the enterprise zone meets all the requirements of section 135.205.

9. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.210 and 135.256, the department of economic development shall designate one such zone in a city of the fourth class with a population of more than four thousand located in a county of the third classification with a township form of government and with a population of less than thirteen thousand. Such enterprise zone designation shall only be made if the area in the city which is to be included in the enterprise zone meets all the requirements of section 135.205.

10. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.210 and 135.256, the department of economic development shall designate one such zone in a city of the fourth class with a population of more than two thousand nine hundred located in a county of the third classification without a township form of government with a population of less than twelve thousand and more than eleven thousand seven hundred inhabitants. Such enterprise zone designation shall only be made if the area in the city which is to be included in the enterprise zone meets all the requirements of section 135.205.

11. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.210 and 135.256, the department of economic development shall designate one such zone in a county of the third classification without a township form of government with a population of less than twenty-four thousand five hundred and more than twenty-four thousand inhabitants. Such enterprise zone designation shall only be made if the area in the county which is to be included in the enterprise zone meets all the requirements of section 135.205.

12. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.210 and 135.256, the department of economic development shall designate one such zone for any fourth class city with a population of at least three thousand five hundred inhabitants but not more than four thousand five hundred inhabitants which is located in a county of the first classification with a charter form of government having a population of more

than six hundred thousand but less than nine hundred thousand inhabitants. Such enterprise zone designation shall only be made if the area in the city which is to be included in the enterprise zone meets all the requirements of section 135.205.

135.209. 1. Any city in which an enterprise zone is designated pursuant to subsection 5 **or subsection 12** of section 135.208 may, upon approval of the local governing authority of the city and the director of the department of economic development, designate one satellite enterprise zone within its corporate limits. A prerequisite for the designation of the satellite zone shall be the approval by the director of the department of economic development of a plan submitted by the local governing authority of the city describing how the satellite zone corresponds to the city's overall enterprise zone strategy.

2. The satellite enterprise zone authorized by this section shall be designated only if it meets the criteria established by subdivisions (1) to (4) of subsection 2 of section 135.207. Retail businesses, as identified by the 1997 North American Industry Classification System (NAICS) sector numbers 44 to 45, located within the satellite enterprise zone shall be eligible for all benefits provided pursuant to the provisions of sections 135.200 to 135.258.

135.230. 1. The exemption or credit established and allowed by section 135.220 and the credits allowed and established by subdivisions (1), (2), (3) and (4) of subsection 1 of section 135.225 shall be granted with respect to any new business facility located within an enterprise zone for a vested period not to exceed ten years following the date upon which the new business facility commences operation within the enterprise zone and such exemption shall be calculated, for each succeeding year of eligibility, in accordance with the formulas applied in the initial year in which the new business facility is certified as such, subject, however, to the limitation that all such credits allowed in sections 135.225 and 135.235 and the exemption allowed in section 135.220 shall be removed not later than fifteen years after the enterprise zone is designated as such. No credits shall be allowed pursuant to subdivision (1), (2), (3) or (4) of subsection 1 of section 135.225 or section 135.235 and no exemption shall be allowed pursuant to section 135.220 unless the number of new business facility employees engaged or maintained in employment at the new business facility for the taxable year for which the credit is claimed equals or exceeds two or the new business facility is a revenue-producing enterprise as defined in paragraph (d) of subdivision (6) of section 135.200. In order to qualify for either the exemption pursuant to section 135.220 or the credit pursuant to subdivision (4) of subsection 1 of section 135.225, or both, it shall be required that at least thirty percent of new business facility employees, as determined by subsection 4 of section 135.110, meet the criteria established in section 135.240 or are residents of an enterprise zone or some combination thereof, except taxpayers who establish a new business facility by operating a revenue-producing enterprise as defined in paragraph (d) of subdivision (6) of section 135.200 or any taxpayer that is an insurance company that established a new business facility satisfying the requirements of subdivision (8) of section 135.100 located within an enterprise zone after June 30, 1993, and before December 31, 1994, and that employs in excess of three hundred fifty new business facility employees at such facility each tax period for which the credits

allowable pursuant to subdivisions (1) to (4) of subsection 1 of section 135.225 are claimed shall not be required to meet such requirement. A new business facility described as SIC 3751 shall be required to employ fifteen percent of such employees instead of the required thirty percent. For the purpose of satisfying the thirty-percent requirement, residents must have lived in the enterprise zone for a period of at least one full calendar month and must have been employed at the new business facility for at least one full calendar month, and persons qualifying because they meet the requirements of section 135.240 must have satisfied such requirement at the time they were employed by the new business facility and must have been employed at the new business facility for at least one full calendar month. The director may temporarily reduce or waive this requirement for any business in an enterprise zone with ten or less full-time employees, and for businesses with eleven to twenty full-time employees this requirement may be temporarily reduced. No reduction or waiver may be granted for more than one tax period and shall not be renewable. The exemptions allowed in sections 135.215 and 135.220 and the credits allowed in sections 135.225 and 135.235 and the refund established and authorized in section 135.245 shall not be allowed to any "public utility", as such term is defined in section 386.020, RSMo. **For the purposes of achieving the fifteen percent employment requirement set forth in this subsection, a new business facility described as SIC 3751 may count employees who were residents of the enterprise zone at the time they were employed by the new business facility and for at least ninety days thereafter, regardless of whether such employees continue to reside in the enterprise zone, so long as the employees remain employed by the new business facility and residents of the state of Missouri.**

2. Notwithstanding the provisions of subsection 1 of this section, motor carriers, barge lines or railroads engaged in transporting property for hire or any interexchange telecommunications company that establish a new business facility shall be eligible to qualify for the exemptions allowed in sections 135.215 and 135.220, and the credits allowed in sections 135.225 and 135.235 and the refund established and authorized in section 135.245, except that trucks, truck-trailers, truck semitrailers, rail or barge vehicles or other rolling stock for hire, track, switches, bridges, barges, tunnels, rail yards and spurs shall not constitute new business facility investment nor shall truck drivers or rail or barge vehicle operators constitute new business facility employees.

3. Notwithstanding any other provision of sections 135.200 to 135.256 to the contrary, motor carriers establishing a new business facility on or after January 1, 1993, but before January 1, 1995, may qualify for the tax credits available pursuant to sections 135.225 and 135.235 and the exemption provided in section 135.220, even if such new business facility has not satisfied the employee criteria, provided that such taxpayer employs an average of at least two hundred persons at such facility, exclusive of truck drivers and provided that such taxpayer maintains an average investment of at least ten million **dollars** at such facility, exclusive of rolling stock, during the tax period for which such credits and exemption are being claimed.

4. Any governing authority having jurisdiction of an area that has been designated an enterprise

zone may petition the department to expand the boundaries of such existing enterprise zone. The director may approve such expansion if the director finds that:

(1) The area to be expanded meets the requirements prescribed in section 135.207 or 135.210, whichever is applicable;

(2) The area to be expanded is contiguous to the existing enterprise zone; **and**

(3) The number of expansions do not exceed three after August 28, 1994.

5. Notwithstanding the fifteen-year limitation as prescribed in subsection 1 of this section, any governing authority having jurisdiction of an area that has been designated as an enterprise zone by the director, except one designated pursuant to this subsection, may file a petition, as prescribed by the director, for redesignation of such area for an additional period not to exceed seven years following the fifteenth anniversary of the enterprise zone's initial designation date; provided:

(1) The petition is filed with the director within three years prior to the date the tax credits authorized in sections 135.225 and 135.235 and the exemption allowed in section 135.220 are required to be removed pursuant to subsection 1 of this section;

(2) The governing authority identifies and conforms the boundaries of the area to be designated a new enterprise zone to the political boundaries established by the latest decennial census, unless otherwise approved by the director;

(3) The area satisfies the requirements prescribed in subdivisions (3), (4) and (5) of section 135.205 according to the latest decennial census or other appropriate source as approved by the director;

(4) The governing authority satisfies the requirements prescribed in sections 135.210, 135.215 and 135.255;

(5) The director finds that the area is unlikely to support reasonable tax assessment or to experience reasonable economic growth without such designation; and

(6) The director's recommendation that the area be designated as an enterprise zone, is approved by the joint committee on economic development policy and planning, as otherwise required in subsection 3 of section 135.210.

6. Any taxpayer having established a new business facility in an enterprise zone except one designated pursuant to subsection 5 of this section, who did not earn the tax credits authorized in sections 135.225 and 135.235 and the exemption allowed in section 135.220 for the full ten-year period because of the fifteen-year limitation as prescribed in subsection 1 of this section, shall be granted such benefits for ten tax years, less the number of tax years the benefits were claimed or could have been claimed prior to the expiration of the original fifteen-year period, except that such tax benefits shall not be earned for more than seven tax periods during the ensuing seven-year period, provided the taxpayer continues to operate the new business facility in an area that is designated an enterprise zone pursuant to subsection 5 of this section. Any taxpayer who establishes a new business facility subsequent to the commencement of the ensuing seven-year period, as authorized in subsection 5 of this section, may qualify for the tax credits

authorized in sections 135.225 and 135.235, and the exemptions authorized in sections 135.215 and 135.220, pursuant to the same terms and conditions as prescribed in sections 135.100 to 135.256. The designation of any enterprise zone pursuant to subsection 5 of this section shall not be subject to the fifty enterprise zone limitation imposed in subsection 4 of section 135.210.

135.248. Notwithstanding any other provision of sections 135.100 to 135.256 to the contrary, any exempt wholesale generator not subject to the jurisdiction of the Missouri Public Service Commission and whose activities would be classified as SIC 4911, establishing a new business facility in a city of the fourth classification with a population of more than seven hundred fifty but less than nine hundred inhabitants within a county of the third classification with a population of more than eleven thousand inhabitants but less than thirteen thousand inhabitants may qualify for the exemptions allowed in sections 135.215 and 135.220 and the credits allowed in sections 135.110, 135.225, 135.230 and 135.235 and the refund established pursuant to section 135.245.

135.305. A Missouri wood energy producer shall be eligible for a tax credit on taxes otherwise due under chapter 143, RSMo, except sections 143.191 to 143.261, RSMo, 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**]** **ten** years and is to be a tax credit against the tax otherwise due.

135.406. Notwithstanding sections 135.403 and 135.405, no more than one million dollars of the total amount of Missouri small business tax credits available for qualified investments in Missouri small businesses shall be used and made available for qualified investments in Missouri small businesses, which are enterprises which consist of one or more establishments assigned a SIC code of 8731 and the results of the activities of which are designed to be used by establishments assigned a SIC code of 2834, engaged solely in pharmaceutical research and development; but in the event this one million dollar set aside is not used in its entirety by September first of any year, the balance of the credit may be used by other entities qualifying for tax credits under the capital tax credit program as defined in sections 135.400 to 135.430. The limitations of subsection 2 of section 135.403 and section 135.405 upon the amounts of qualified investments, the aggregate of tax credits authorized and the maximum tax credits which may be evidenced by certificates of tax credit issued or owned by a single taxpayer shall not apply to amounts allocated by this section. The director shall give preference in issuing certificates of tax credit to applicants under this section.

135.478. As used in sections 135.481 to 135.487, the following terms mean:

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

(2) "Director", the director of the department of economic development;

(3) "Distressed community", as defined in section 135.530;

(4) "Eligible costs for a new residence", expenses incurred for property acquisition, development, site preparation, surveys, architectural and engineering services and construction and all other necessary and incidental expenses incurred for constructing a new market rate residence, which is or will be owner-occupied, which is not replacing a national register listed or local historic structure; except that, costs paid for by the taxpayer with grants or forgivable loans, other than tax credits, provided pursuant to state or federal governmental programs are ineligible;

(5) "Eligible costs for rehabilitation", expenses incurred for the renovation or rehabilitation of an existing residence including site preparation, surveys, architectural and engineering services, construction, modification, expansion, remodeling, structural alteration, replacements and alterations; except that, costs paid for by the taxpayer with grants or forgivable loans other than tax credits provided pursuant to state or federal governmental programs are ineligible;

(6) "Eligible residence", a single-family residence forty years of age or older, located in this state and not within a distressed community as defined by section 135.530, which is occupied or intended to be or occupied long-term by the owner or offered for sale at market rate for owner-occupancy and which is either located within a United States census block group which, if in a metropolitan statistical area, has a median household income of less than ninety percent, but greater than or equal to seventy percent of the median household income for the metropolitan statistical area in which the census block group is located, or which, if located within a United States census block group in a nonmetropolitan area, has a median household income of less than ninety percent, but greater than or equal to seventy percent of the median household income for the nonmetropolitan areas in the state**. An eligible residence shall include a condominium or residence within a multiple residential structure or a structure containing multiple single family residences**;

(7) "Flood plain", any land or area susceptible to being inundated by water from any source or located in a one hundred-year flood plain area determined by Federal Emergency Management Agency mapping as subject to flooding;

(8) "New residence", a residence constructed on land which if located within a distressed community has either been vacant for at least two years or is or was occupied by a structure which has been condemned by the local entity in which the structure is located or which, if located outside of a distressed community but within a census block group as described in subdivision (6) or (10) of this section, either replaces a residence forty years of age or older demolished for purposes of constructing a replacement residence, or which is constructed on vacant property which has been classified for not less than forty continuous years as residential or utility, commercial, railroad or other real property pursuant to article X, section 4(b) of the Missouri Constitution, as defined in section 137.016, RSMo**[;], or, if in a county of the third classification without a township form of government and a population of more than thirty-two thousand but less than thirty-five thousand, or a county of the first classification**

without a charter form of government and with a population of more than two hundred thousand but less than two hundred ten thousand, vacant property classified as agricultural and horticultural property, as defined in section 137.016, RSMo, and that is wholly within or contiguous to a central business district; except that, no new residence shall be constructed in a floodplain or on property used for agricultural purposes **except as otherwise provided herein**. **[**In a distressed community,**]** The term "new residence" shall include condominiums, owner-occupied units or other units intended to be owner-occupied in multiple unit structures **or as separate adjacent single-family units**;

(9) "Project", new construction, rehabilitation or substantial rehabilitation of a residence **or residences, whether comprised of one structure containing multiple single-family residences or multiple individual structures** that **[**qualifies**] qualify** for a tax credit pursuant to sections 135.475 to 135.487;

(10) "Qualifying residence", a single-family residence, forty years of age or older, located in this state which is occupied or intended to be occupied long-term by the owner or offered for sale at market rate for owner-occupancy and which is located in a metropolitan statistical area or nonmetropolitan statistical area within a United States census block group which has a median household income of less than seventy percent of the median household income for the metropolitan statistical area or nonmetropolitan area, respectively, or which is located within a distressed community. A qualifying residence shall include a condominium or residence within a multiple residential structure or a structure containing multiple single-family residences which is located within a distressed community;

(11) "Substantial rehabilitation", rehabilitation the costs of which exceed fifty percent of either the purchase price or the cost basis of the structure immediately prior to rehabilitation; provided that, the structure is at least fifty years old notwithstanding any provision of sections 135.475 to 135.487 to the contrary;

(12) "Tax liability", the tax due pursuant to chapter 143, 147 or 148, RSMo, other than taxes withheld pursuant to sections 143.191 to 143.265, RSMo;

(13) "Taxpayer", any person, partnership, corporation, trust or limited liability company**;**

(14) "Central business district", the area in a municipality which is and traditionally has been the location of the principal business, commercial, financial, service and governmental center, zoned or used accordingly.

135.481. 1. (1) Any taxpayer who incurs eligible costs for a new residence located in a distressed community or within a census block group as described in subdivision **(6) or** (10) of section 135.478, or for a multiple unit condominium described in subdivision (2) of this subsection, shall receive a tax credit equal to **[**fifteen**] twenty** percent of such costs against his or her tax liability. The tax credit shall not exceed forty thousand dollars per new residence in any ten-year period.

(2) For the purposes of this section, a "multiple unit condominium" is one that is intended to be

owner occupied, which is constructed on property subject to an industrial development contract as defined in section 100.310, RSMo, and which lies within an area with a city zoning classification of urban redevelopment district established after January 1, 2000, and before December 31, 2001, and which is constructed in connection with the qualified rehabilitation of a structure more than ninety years old eligible for the historic structures rehabilitation tax credit described in sections 253.545 to 253.559, RSMo, and is under way by January 1, 2000, and completed by January 1, 2002.

[2. Any taxpayer who incurs eligible costs for a new residence located within a census block as described in subdivision (6) of section 135.478 shall receive a tax credit equal to fifteen percent of such costs against his or her tax liability. The tax credit shall not exceed twenty-five thousand dollars per new residence in any ten-year period.**]**

[3.**] 2.** Any taxpayer who is not performing substantial rehabilitation and who incurs eligible costs for rehabilitation of an eligible residence or a qualifying residence shall receive a tax credit equal to twenty-five percent of such costs against his or her tax liability. The minimum eligible costs for rehabilitation of an eligible residence shall be ten thousand dollars. The minimum eligible costs for rehabilitation of a qualifying residence shall be five thousand dollars. The tax credit shall not exceed twenty-five thousand dollars in any ten-year period.

[4.**] 3.** Any taxpayer who incurs eligible costs for substantial rehabilitation of a qualifying residence shall receive a tax credit equal to thirty-five percent of such costs against his or her tax liability. The minimum eligible costs for substantial rehabilitation of a qualifying residence shall be ten thousand dollars. The tax credit shall not exceed seventy thousand dollars in any ten-year period.

[5.**] 4.** A taxpayer shall be eligible to receive tax credits for new construction or rehabilitation pursuant to only one subsection of this section.

[6.**] 5.** No tax credit shall be issued pursuant to this section for any structure which is in violation of any municipal or county property, maintenance or zoning code.

[7.**] 6.** No tax credit shall be issued pursuant to sections 135.475 to 135.487 for the construction or rehabilitation of rental property.

135.484. 1. Beginning January 1, 2000, tax credits shall be allowed pursuant to section 135.481 in an amount not to exceed sixteen million dollars per year. Of this total amount of tax credits in any given year, eight million dollars shall be set aside for projects in areas described in subdivision (6) of section 135.478 and eight million dollars for projects in areas described in subdivision (10) of section 135.478. The maximum tax credit for a project **[**consisting of multiple-unit qualifying residences in a distressed community**]** shall not exceed **[**three**] one** million **five hundred thousand** dollars. **If, by October first of any calendar year, the director has issued all eight million dollars of tax credits allowed for projects in areas described in subdivision (6) of section 135.478, but not for projects in areas described in subdivision (10) of section 135.478, or vice versa, the director shall reallocate seventy percent of any credits not allocated to finally approved applications for issuance to**

taxpayers which:

(1) Are engaged in projects in the area in which tax credits totaling eight million dollars have already been issued for the same year; and

(2) Have already applied for, but have not yet been issued, tax credits pursuant to section 135.487 for the same year.

Reallocated credits shall be issued pursuant to section 135.487; except that, the maximum reallocated tax credit for any project shall not exceed five hundred thousand dollars.

2. Any amount of credit which exceeds the tax liability of a taxpayer for the tax year in which the credit is first claimed may be carried back to any of the taxpayer's three prior tax years and carried forward to any of the taxpayer's five subsequent tax years. A certificate of tax credit issued to a taxpayer by the department may be assigned, transferred, sold or otherwise conveyed. Whenever a certificate of tax credit 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.

3. The tax credits allowed pursuant to sections 135.475 to 135.487 may not be claimed in addition to any other state tax credits, with the exception of the historic structures rehabilitation tax credit authorized pursuant to sections 253.545 to 253.559, RSMo, which insofar as sections 135.475 to 135.487 are concerned may be claimed only in conjunction with the tax credit allowed pursuant to subsection 4 of section 135.481. In order for a taxpayer eligible for the historic structures rehabilitation tax credit to claim the tax credit allowed pursuant to subsection 4 of section 135.481, the taxpayer must comply with the requirements of sections 253.545 to 253.559, RSMo, and in such cases, the amount of the tax credit pursuant to subsection 4 of section 135.481 shall be limited to the lesser of twenty percent of the taxpayer's eligible costs or forty thousand dollars.

135.487. 1. To obtain any credit allowed pursuant to sections 135.475 to 135.487, a taxpayer shall submit to the department, for preliminary approval, an application for tax credit. The director shall, upon final approval of an application and presentation of acceptable proof of substantial completion of construction, issue the taxpayer a certificate of tax credit. **In the case of projects involving the new construction, rehabilitation or substantial rehabilitation of more than one residence, one application for tax credit may be submitted to the department for preliminary approval for the entire project, and the director shall issue the taxpayer a certificate of tax credit upon final approval of an application and presentation of acceptable proof of substantial completion of construction for each individual residence rather than delaying issuance of a tax credit pursuant to sections 135.475 to 135.487 until substantial completion of the entire project.** The director shall issue all credits allowed pursuant to sections 135.475 to 135.487 in the order the applications are received. In the case of a taxpayer other than an owner-occupant, the director shall not delay the issuance of a tax credit pursuant to sections 135.475 to 135.487 until the sale of a residence at market rate for

owner-occupancy. A taxpayer, taxpayer other than an owner-occupant who receives a certificate of tax credit pursuant to sections 135.475 to 135.487 shall, within thirty days of the date of the sale of a residence, furnish to the director satisfactory proof that such residence was sold at market rate for owner-occupancy. If the director reasonably determines that a residence was not in good faith intended for long-term owner occupancy, the director make revoke any tax credits issued and seek recovery of any tax credits issued pursuant to section 620.017, RSMo.

2. The department may cooperate with a municipality or a county in which a project is located to help identify the location of the project, the type and eligibility of the project, the estimated cost of the project and the completion date of the project.

3. The department may promulgate such rules or regulations or issue administrative guidelines as are necessary to administer the provisions of sections 135.475 to 135.487. No rule or portion of a rule promulgated pursuant to the authority of this section shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo.

4. The department shall conduct annually a comprehensive program evaluation illustrating where the tax credits allowed pursuant to sections 135.475 to 135.487 are being utilized, explaining the economic impact of such program and making recommendations on appropriate program modifications to ensure the program's success.

135.500. 1. Sections 135.500 to 135.529 shall be known and may be cited as the "Missouri Certified Capital Company Law".

2. As used in sections 135.500 to 135.529, the following terms mean:

(1) "Affiliate of a certified company":

(a) Any person, directly or indirectly owning, controlling or holding power to vote **[**ten**]** **fifteen** percent or more of the outstanding voting securities or other ownership interests of the Missouri certified capital company;

(b) Any person **[**ten**]** **fifteen** percent or more of whose outstanding voting securities or other ownership interest are directly or indirectly owned, controlled or held with power to vote by the Missouri certified capital company;

(c) Any person directly or indirectly controlling, controlled by, or under common control with the Missouri certified capital company;

(d) A partnership in which the Missouri certified capital company is a general partner;

(e) Any person who is an officer, director or agent of the Missouri certified capital company or an immediate family member of such officer, director or agent;

(2) "Applicable percentage", one hundred percent;

(3) "Capital in a qualified Missouri business", any debt, equity or hybrid security, of any nature and description whatsoever, including a debt instrument or security which has the characteristics of debt but which provides for conversion into equity or equity participation instruments such as options or warrants

which are acquired by a Missouri certified capital company as a result of a transfer of cash to a business**[**. Capital in a qualified Missouri business shall not include secured debt instruments**]**;

(4) "Certified capital **investment**", an investment of cash by an investor in a Missouri certified capital company **that fully funds either the investor's equity interest in a certified capital company, a qualified debt instrument that a certified capital company issues, or both**;

(5) "Certified capital company", any partnership, corporation, trust or limited liability company, whether organized on a profit or not-for-profit basis, that is located, headquartered and registered to conduct business in Missouri that has as its primary business activity, the investment of cash in qualified Missouri businesses, and which is certified by the department as meeting the criteria of sections 135.500 to 135.529;

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

(7) "Director", the director of the department of economic development or a person acting under the supervision of the director;

(8) "Investor", any insurance company that contributes cash;

(9) "Liquidating distribution", payments to investors or to the certified capital company from earnings;

(10) "Person", any natural person or entity, including a corporation, general or limited partnership, trust or limited liability company;

(11) **"Qualified debt instrument", a debt instrument that a certified capital company issues at par value or at a premium that:**

(a) Has an original maturity date of at least five years from the date on which it was issued;

(b) Has a repayment schedule that is no faster than a level principal amortization; and

(c) Until the certified capital company may make distributions other than qualified distributions, the interest, distribution or payment features of which are not related to the certified capital company's profitability or the performance of its investment portfolio;

(12) "Qualified distribution", any distribution or payment to equity holders of a certified capital company in connection with the following:

(a) Reasonable costs and expenses of forming, syndicating, managing and operating the certified capital company;

(b) Management fees for managing and operating the certified capital company**[**; and**] which, on an annual basis, do not exceed two and one-half percent of the certified capital company's total certified capital;**

(c) Reasonable and necessary fees paid for professional services related to the operation of the certified capital company; and

[(c)**] (d)** Any increase in federal or state taxes, penalties and interest, including those related to

state and federal income taxes, of equity owners of a certified capital company which related to the ownership, management or operation of a certified capital company;

[(12)**] (13)** "Qualified investment", the investment of cash by a Missouri certified capital company in such a manner as to acquire capital in a qualified Missouri business**. The investment must also be for the purchase of an equity security of the qualified business or a debt security of the qualified business, provided the debt has a maturity of at least one year. Other than debt securities issued by a qualified business located in a distressed community or by a qualified Missouri agricultural business, the debt security must be unsecured or be convertible into equity securities or equity participation instruments such as options or warrants. As a condition of the investment, the qualified business must agree to retain its headquarters and principal business operations in the state, or in a distressed community, if the investment is to be credited to a distressed community allocation, for three years following any qualified investment**;

(14) "Qualified Missouri agricultural business", any independently owned and operated business, which is headquartered and located in Missouri, which is involved in commerce for the purpose of manufacturing, processing or assembling products, conducting research and development, or providing services in interstate commerce, but excluding retail, real estate, real estate development, insurance and professional services provided by accountants, lawyers or physicians, and which is either:

(a) A rural agricultural business whose projects add value to agricultural products and aid the economy of a rural community, including any development facility as defined in subdivision (3) of subsection 2 of section 348.430, RSMo, and whose gross sales during its most recent complete fiscal year shall not have exceeded five million dollars; or

(b) Any business that is an eligible borrower as described pursuant to Section 4279.108 of the Rural Development Instructions of the United States Department of Agriculture and whose gross sales during its most recent complete fiscal year shall not have exceeded five million dollars;

[(13)**] (15)** "Qualified Missouri business", an independently owned and operated business, which is headquartered and **[**located**] has its principal business operations** in Missouri and which is in need of venture capital and cannot obtain conventional financing. Such business**:**

(a) Shall have no more than two hundred employees**[**,**];**

(b) Shall have at least eighty percent of **[**which are**] its employees** employed in Missouri**[**. Such business**];**

(c) Shall be involved in commerce for the purpose of manufacturing, processing or assembling products, conducting research and development, or providing services in interstate commerce, but excluding retail, real estate, real estate development, insurance and professional services provided by accountants, lawyers or physicians**[**.**];**

(d) If **[**such business**]** **it** has been in existence for three years or less, its gross sales during its most recent complete fiscal years shall not have exceeded four million dollars. If such business has been in existence for longer than three years, its gross sales during its most recent complete fiscal year shall not have exceeded three million dollars**[**.**];**

(e) Shall certify that it will maintain its headquarters and principal business operations in this state, or in a distressed community, if the investment is to be credited to a distressed community allocation, for three years following any qualified investment; and

(f) If any business which is classified as a qualified Missouri business at the time of the first investment in such business by a Missouri certified capital company shall, for a period of seven years from the date of such first investment, remain classified as a qualified Missouri business and may receive follow-on investments from any Missouri certified capital company and such follow-on investments shall be qualified investments even though such business may not meet the **[**other**]** qualifications of **paragraphs (a), (b) and (d) of** this **[**subsection**]** **subdivision** at the time of such follow-on investments**, provided, however, that such business continues to meet the other requirements set forth in this subdivision, and such business reaffirms its intention to maintain its headquarters and its principal business operations in this state, or in a distressed community, if the investment is to be credited to a distressed community allocation**;

[(14)**] (16)** "State premium tax liability", any liability incurred by an insurance company pursuant to the provisions of section 148.320, 148.340, 148.370 or 148.376, RSMo, and any other related provisions, which may impose a tax upon the premium income of insurance companies after January 1, 1997.

135.503. 1. Any investor that makes an investment of certified capital shall, in the year of investment, earn a vested credit against state premium tax liability equal to the applicable percentage of the investor's investment of certified capital. An investor shall be entitled to take up to ten percent of the vested credit in any taxable year of the investor. Any time after three years after August 28, 1996, the director, with the approval of the commissioner of administration, may reduce the applicable percentage on a prospective basis. Any such reduction in the applicable percentage by the director shall not have any effect on credits against state premium tax liability which have been claimed or will be claimed by any investor with respect to credits which have been earned and vested pursuant to an investment of certified capital prior to the effective date of any such change.

2. An insurance company claiming a state premium tax credit earned through an investment in a certified capital company shall not be required to pay any additional retaliatory tax levied pursuant to section 375.916, RSMo, as a result of claiming such credit.

3. The credit against state premium tax liability which is described in subsection 1 of this section may not exceed the state premium tax liability of the investor for any taxable year. All such credits against state premium tax liability may be carried forward indefinitely until the credits are utilized. The maximum

amount of certified capital in one or more certified capital companies for which earned and vested tax credits will be allowed in any year to any one investor or its affiliates shall be limited to ten million dollars.

4. Except as provided in subsection 5 of this section, the aggregate amount of certified capital for which earned and vested credits against state premium tax liability are allowed for all persons pursuant to sections 135.500 to 135.529 shall not exceed the following amounts: for calendar year 1996, $0.00; for calendar year 1997, an amount which would entitle all Missouri certified capital company investors to take aggregate credits of five million dollars; and for any year thereafter, an additional amount to be determined by the director but not to exceed aggregate credits of ten million dollars for any year with the approval of the commissioner of administration and reported to the general assembly as provided in subsection 2 of section 33.282, RSMo, provided that the amount so determined shall not impair the ability of an investor with earned and vested credits which have been allowed in previous years to take them, pursuant to subsection 1 of this section. During any calendar year in which the limitation described in this subsection will limit the amount of certified capital for which earned and vested credits against state premium tax liability are allowed, certified capital for which credits are allowed will be allocated in order of priority based upon the date of filing of information described in subdivision (1) of subsection 5 of section 135.516. **[**Certified capital limited in any calendar year by the application of the provisions of this subsection shall be allowed and allocated in the immediately succeeding calendar year in the order of priority set forth in this subsection.**]** The department shall make separate allocations of certified capital for which credits are allowed under the limitations described in this subsection and under the limitations described in subsection 5 of this section.

5. In addition to the maximum amount pursuant to subsection 4 of this section, the aggregate amount of certified capital for which earned and vested credits against state premium tax liability are allowed for persons pursuant to sections 135.500 to 135.529 shall be the following: for calendar year 1999 **[**and for any year thereafter,**]** an amount to be determined by the director which would entitle all Missouri certified capital company investors to take aggregate credits not to exceed four million dollars for any year**; and for calendar year 2002, an amount to be determined by the director, but not to exceed forty million dollars, entitling all Missouri certified capital company investors in the applicable funds to take aggregate credits not to exceed four million dollars for any year,** with the approval of the commissioner of administration and reported to the general assembly as provided in subsection 2 of section 33.282, RSMo, provided that the amount so determined shall not impair the ability of an investor with earned and vested credits which have been allowed in previous years or pursuant to the provisions of subsection 4 **or 5** of this section to take them, pursuant to subsection 1 of this section. For purposes of any requirement regarding the schedule of qualified investments for certified capital for which earned and vested credits against state premium tax liability are allowed pursuant to this subsection only, the definition of a "qualified Missouri business" as set forth in subdivision **[**(13)**] (15)** of subsection 2 of section 135.500 means**:**

(a) A Missouri business that is located in a distressed community as defined in section 135.530, **has at least eighty percent of its employees in distressed communities,** and meets all of the requirements of subdivision **[**(13)**] (15)** of subsection 2 of section 135.500, except that its gross sales during its most recent complete fiscal year shall not have exceeded five million dollars**; or**

(b) With respect to certified capital invested in 2002, a qualified Missouri agricultural business.

During any calendar year in which the limitation described in this subsection limits the amount of additional certified capital for which earned and vested credits against state premium tax liability are allowed, additional certified capital for which credits are allowed shall be allocated in order of priority based upon the date of filing of information described in subdivision (1) of subsection 5 of section 135.516 with respect to such additional certified capital. The department shall make separate allocations of certified capital for which credits are allowed under the limitations described in this subsection and under the limitations described in subsection 4 of this section. No limitation applicable to any certified capital company with respect to certified capital for which credits are allowed pursuant to subsection 4 of this section shall limit the amount of certified capital for which credits are allowed pursuant to this subsection. No limitation applicable to any certified capital company with respect to certified capital for which credits are allowed pursuant to this subsection shall limit the amount of certified capital for which credits are allowed pursuant to subsection 4 of this section.

6. The department shall advise any Missouri certified capital company, in writing, within fifteen days after receiving the filing described in subdivision (1) of subsection 5 of section 135.516 whether the limitations of subsection **[**3**] 4 or 5** of this section then in effect will be applicable with respect to the investments and credits described in such filing with the department.

7. In no event shall the cumulative amount of tax credits authorized by this section exceed one hundred eighty million dollars.

135.508. **1.** The department may certify profit or not for profit entities which submit an application to be designated as a Missouri certified capital company. The department shall review the organizational documents for each applicant for certification and the business history of the applicant, determine that the Missouri certified capital company's cash, marketable securities and other liquid assets are at least five hundred thousand dollars, determine that the liquid asset base for certified companies is at least five hundred thousand dollars at all times during the company's participation in the program authorized by sections 135.500 to 135.529, and determine that the officers and the board of directors, partners, trustees or managers are thoroughly acquainted with the requirements of sections 135.500 to 135.529.

2. To be certified, at least two of the principals have a minimum of five years of experience making venture capital investments out of private equity funds, with no less than twenty million dollars being provided by third-party investors for investment in the early stage

of operating businesses. At least one full-time manager or principal of the certified capital company who has such experience must be primarily located in an office of the certified capital company which is based in this state.

3. To be certified, there must be no evidence that the applicant has:

(1) Violated any provision of this law;

(2) Made a material misrepresentation or false statement or concealed any essential or material fact from any person during the application process or with respect to information and reports required of certified capital companies pursuant to this law;

(3) Been convicted of, or entered a plea of guilty or nolo contendere to, a crime against the laws of this state or any other state or of the United States or any other country or government, including a fraudulent act in connection with the operation of a certified capital company, or in connection with the performance of fiduciary duties in another capacity;

(4) Been adjudicated liable in a civil action on grounds of fraud, embezzlement, misrepresentation or deceit; or

(5) Been the subject of any decision, finding, injunction, suspension, prohibition, revocation, denial, judgment or administrative order by any court of competent jurisdiction, administrative law judge, or any state or federal agency, national securities, commodities, or option exchange, or national securities, commodities or option association, involving a material violation of any federal or state securities or commodities law or any rule or regulation adopted pursuant to such law, or any rule or regulation of any national securities, commodities or options exchange, or national securities, commodities or options association; or

(6) Been the subject of any injunction or adverse administrative order by a state or federal agency regulating banking, insurance, finance or small loan companies, real estate, mortgage brokers or other related or similar industries.

4. No insurance company which receives tax credits permitted under sections 135.500 to 135.529 for an investment in a Missouri certified capital company shall, individually or with or through one or more affiliates, be a managing general partner of or control the direction of investments of that Missouri certified capital company. Within seventy-five days of application, the department shall either issue the certification and notify the department of revenue and the director of the department of insurance of such certification or shall refuse the certification and communicate in detail to the applicant the grounds for the refusal, including the suggestions for the removal of those grounds.

5. The department shall be responsible for the administration of the tax credits authorized by sections 135.500 to 135.529. No rule or portion of a rule promulgated under the authority of sections 135.500 to 135.529 shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to June 27, 1997, is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule

filed or adopted prior to June 27, 1997, if such rule complied with the provisions of chapter 536, RSMo. The provisions of this section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, including the ability to review, to delay the effective date, or to disapprove and annul a rule or portion of a rule, are subsequently held unconstitutional, then the purported grant of rulemaking authority and any rule so proposed and contained in the order of rulemaking shall be invalid and void.

135.516. 1. To continue to be certified, a Missouri certified capital company shall make qualified investments according to the following schedule:

(1) Within two years after the date on which a Missouri certified capital company is designated as a Missouri certified capital company at least twenty-five percent of its certified capital shall be, or have been, placed in qualified investments;

(2) Within three years after the date on which a Missouri certified capital company is designated as a Missouri certified capital company at least forty percent of its certified capital shall be, or have been, placed in qualified investments;

(3) Within four years after the date on which a Missouri certified capital company is designated as a Missouri certified capital company, at least fifty percent of its total certified capital shall be, or have been, placed in qualified investments. A Missouri certified capital company may not make an investment in an affiliate of the certified capital company. For the purposes of this subsection, if a legal entity is not an affiliate before a certified capital company initially invests in the entity, it will not be an affiliate if a certified capital company provides additional investment in such entity subsequent to its initial investment;

(4) A certified capital company, at least fifteen working days prior to making what it determines to be an initial qualified investment in a specific qualified Missouri business, shall certify to the department that the company in which it proposes to invest meets the definition of a qualified Missouri business pursuant to subdivision (14) of subsection 2 of section 135.500. The certified capital company shall state the amount of capital it intends to invest and the name of the business in which it intends to invest. The certified capital company shall also provide to the department an explanation of its determination that the business meets the definition of a qualified Missouri business. If the department determines that the business does not meet the definition of a qualified Missouri business, it shall, within the fifteen-working-day period prior to the making of the proposed investment, notify the certified capital company of its determination and an explanation thereof. If the department fails to notify the certified capital company with respect to the proposed investment within the fifteen-working-day period prior to the making of the proposed investment, the company in which the certified capital company proposes to invest shall be deemed to be a qualified Missouri business. If a certified capital company fails to notify the department prior to making an initial investment in a business, the department may subsequently determine that the business in which the certified capital company invested was not a qualified Missouri business even though the business, at the time of the investment, met the requirements of subdivision (14) of subsection 2 of section 135.500;

(5) All certified capital which is not required to be placed in qualified investments or which has been placed in qualified investments and can be received by the company**[**, may be held or invested in such manner as the Missouri certified capital company, in its discretion, deems appropriate**]:**

(a) Shall be held in a financial institution or held by a registered broker-dealer;

(b) Shall not be invested in a certified investor of the certified capital company or any affiliate of the certified investor of the certified capital company other than a result of an investment permitted by subparagraph c of paragraph (c) of subdivision (5) of subsection 1 of this section 135.516;

(c) Shall be invested only in:

a. Any United States Treasury obligations;

b. Certificates of deposit or other obligations, maturing within three years after acquisitions of such certificates or obligations, issued by a financial institution or trust company incorporated pursuant to the laws of the United States;

c. Obligations which (i) are rated "A" or better by any nationally recognized credit rating agency, or (ii) issued by, or guaranteed with respect to payment by, an entity whose unsecured indebtedness is rated "A" or better by any nationally recognized credit rating agency and which is not subordinated to other unsecured indebtedness of the issuer or guarantor, as the case may be;

d. Mortgage-backed securities, with an average life of five years or less, after the acquisition of such securities, which are rated "A" or better by any nationally recognized credit rating agency;

e. Collateralized mortgage obligations and real estate mortgage investment conduits that are direct obligations of an agency of the United States government, are not private-label issues, are in book-entry form, and do not include the classes of interest only, principal only, residual or zero; or

f. Interests in money market funds, the portfolio of which is limited to cash and obligations described in subparagraphs a to e of this paragraph.

2. The proceeds of all certified capital which is received by a certified capital company after it was originally placed in qualified investments may be placed again in qualified investments and shall count toward any requirement in sections 135.500 to 135.529 with respect to placing certified capital in qualified investments.

[2.**] 3.** A certified capital company may make qualified distributions at any time. In order to make distributions, other than qualified distributions, a certified capital company must have placed an amount cumulatively equal to one hundred percent of its certified capital in qualified investments. Cumulative distributions to equity holders, other than qualified distributions, in excess of the certified capital company's original certified capital and any additional capital contributions to the certified capital company shall be

subject to audit by a nationally recognized certified public accounting firm acceptable to the department, at the expense of the certified capital company. The audit shall determine whether aggregate cumulative distributions to all investors and equity holders, other than qualified distributions, when combined with all tax credits utilized by investors pursuant to sections 135.500 to 135.529, have resulted in an annual internal rate of return of fifteen percent computed on the sum of total original certified capital of the certified capital company and any additional capital contributions to the certified capital company. Twenty-five percent of distributions made, other than qualified distributions, in excess of the amount required to produce a fifteen percent annual internal rate of return, as determined by the audit, shall be payable by the certified capital company to the Missouri development finance board. Distributions or payments to debt holders of a certified capital company, however, may be made without restriction with respect to debt owed to them by a certified capital company. A debt holder that is also an investor or equity holder of a certified capital company may receive distributions or payments with respect to such debt without restriction.

[3.**]** **4. In the event that a business in which a qualified investment is made fails to comply with its agreement to retain its headquarters and principal business operations in the state, or in a distressed community, if the investment is to be credited to a distressed community allocation, for three years following any qualified investment, by relocating its headquarters or principal business operations of such business within the state to another state, the cumulative amount of qualified investment shall be reduced for purposes of this subsection only by the amount of such qualified investment, unless:**

(1) The certified capital company invests an amount of at least equal to the investment of certified capital in the relocated business in a qualified business located in the state or in a distressed community, if the investment is to be credited to a distressed community allocation, within six months of the relocation; or

(2) The business demonstrates that it has returned its principal business operations to Missouri or a distressed community, if the investment is to be credited to a distressed community allocation, within three months of such relocation.

5. No qualified investment may be made at a cost to a Missouri certified capital company greater than fifteen percent of the total certified capital under management of the Missouri certified capital company at the time of investment.

[4.**]** **6.** Documents and other materials submitted by Missouri certified capital companies or by businesses for purposes of the continuance of certification may be deemed "closed records" pursuant to the provisions of section 620.014, RSMo.

[5.**]** **7.** Each Missouri certified capital company shall report the following to the department:

(1) As soon as practicable after the receipt of certified capital, the name of each investor from which the certified capital was received, the amount of each investor's investment of certified capital and tax credits computed without regard to any limitations under subsection **[**3**]** **4** of section 135.503, and the

date on which the certified capital was received;

(2) On a quarterly basis, the amount of the Missouri certified capital company's certified capital at the end of the quarter, whether or not the Missouri certified capital company has invested more than fifteen percent of the total certified capital under management in any one company, and all qualified investments that the Missouri certified capital company has made;

(3) Each Missouri certified capital company shall provide annual audited financial statements to the department which include an opinion of an independent certified public accountant to the department within ninety days of the close of the fiscal year. The audit shall address the methods of operation and conduct of the business of the Missouri certified capital company to determine if the Missouri certified capital company is complying with the statutes and program rules and that the funds received by the Missouri certified capital company have been invested as required within the time limits provided by sections 135.500 to 135.529.

135.527. 1. On an annual basis, on or before January thirty-first, each certified capital company shall file with the department, on forms or in a manner prescribed by the department, a report for the period ending December thirty-first of the immediately preceding calendar year:

(1) The total dollar amount the certified capital company received from certified investors, the identity of the certified investors and the amount received from each certified investor;

(2) The total dollar amount the certified capital company invested and the amount invested in qualified businesses, together with the identity and location of those businesses and the amount invested in each qualified business; and

(3) The total number of permanent, full-time jobs either created or retained by the qualified business, the average wage of the jobs created or retained, the industry sectors in which the qualified businesses operate and any additional capital invested in qualified businesses from sources other than certified capital companies.

2. The report shall be verified by one or more principals of the certified capital company submitting the form.

3. The department may audit and examine the accounts, books or records of certified capital companies, certified investors and qualified Missouri businesses that received qualified investments for the purpose of ascertaining the correctness of any report filed, and to ascertain a certified capital company's compliance with the provisions of sections 135.500 to 135.529.

4. Beginning on March 31, 2002, and on March thirty-first of each even-numbered year thereafter, the department shall report on a biennial basis to the governor, the speaker of the house of representatives, and the president pro tempore of the senate on or before April first:

(1) The total dollar amount each certified capital company received from all certified investors and any other investor, the identity of the certified investors, and the total amount of

premium tax credit used by each certified investor for the previous calendar year;

(2) The total dollar amount invested by each certified capital company and that portion invested in qualified businesses, the identity and location of those businesses, the amount invested in each qualified business and the total number of permanent, full-time jobs created or retained by each qualified business; and

(3) The return for the state as a result of the certified capital company investments, including the extent to which:

(a) Certified capital company investments have contributed to employment growth;

(b) The wage level of businesses in which certified capital companies have invested exceeds the average wage for the county in which the jobs are located; and

(c) The investments of the certified capital companies in qualified businesses have contributed to expanding or diversifying the economic base of the state.

135.530. For the purposes of sections 100.010, 100.710 and 100.850, RSMo, sections 135.110, 135.200, 135.258, 135.313, 135.403, 135.405, 135.503, 135.530 and 135.545, section 215.030, RSMo, sections 348.300 and 348.302, RSMo, and sections 620.1400 to 620.1460, RSMo, "distressed community" means either a Missouri municipality within a metropolitan statistical area which has a median household income of under seventy percent of the median household income for the metropolitan statistical area, according to the last decennial census, or a United States census block group or contiguous group of block groups within a metropolitan statistical area which has a population of at least **[**two thousand five hundred**]** **five hundred**, and each block group having a median household income of under seventy percent of the median household income for the metropolitan area in Missouri, according to the last decennial census. In addition the definition shall include municipalities not in a metropolitan statistical area, with a median household income of under seventy percent of the median household income for the nonmetropolitan areas in Missouri according to the last decennial census or a census block group or contiguous group of block groups which has a population of at least two thousand five hundred each block group having a median household income of under seventy percent of the median household income for the nonmetropolitan areas of Missouri, according to the last decennial census. **In metropolitan statistical areas, the definition shall include areas that are designated as either a federal empowerment zone, a federal enhanced enterprise community, or a state enterprise zone that was originally designated before January 1, 1986, but will not include expansions of such zones done after March 16, 1988.**

208.770. 1. Moneys deposited in or withdrawn pursuant to subsection 1 of section 208.760 from a family development account by an account holder are exempted from taxation pursuant to chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, and chapter 147, 148 or 153, RSMo, provided, however, that any money withdrawn for an unapproved use should be subject to tax as required by law.

2. Interest earned by a family development account is exempted from taxation pursuant to chapter 143, RSMo.

3. Any funds in a family development account, including accrued interest, shall be disregarded when determining eligibility to receive, or the amount of, any public assistance or benefits.

4. A program contributor shall be allowed a credit against the tax imposed by chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, and chapter 147, 148 or 153, RSMo, pursuant to sections 208.750 to 208.775. Contributions up to fifty thousand dollars per program contributor are eligible for the tax credit which shall not exceed fifty percent of the contribution amount.

5. The department of economic development shall verify all tax credit claims by contributors. The administrator of the community-based organization, with the cooperation of the participating financial institutions, shall submit the names of contributors and the total amount each contributor contributes to a family development account reserve fund for the calendar year. The director shall determine the date by which such information shall be submitted to the department by the local administrator. The department shall submit verification of qualified tax credits pursuant to sections 208.750 to 208.775 to the department of revenue.

6. The total tax credits authorized pursuant to sections 208.750 to 208.775 shall not exceed **[**four**]** **two** million dollars in any fiscal year.

415.417. 1. For the purposes of this section, "late fee" means a fee or charge assessed by an operator for an occupant's failure to pay rent when due. A late fee is not interest on a debt, nor is a late fee a reasonable expense which the operator may incur in the course of collecting unpaid rent in enforcing his or her lien rights pursuant to sections 415.400 to 415.430, or enforcing any other remedy provided by statute or contract.

2. Any late fee charged by the operator shall be stated in the rental agreement. No late fee shall be collected unless it is written in the rental agreement or an addendum to such agreement.

3. An operator may impose a reasonable late fee for each month an occupant does not pay rent when due.

4. A late fee of twenty dollars or twenty percent of the monthly rental amount, whichever is greater, for each late rental payment shall be deemed reasonable, and shall not constitute a penalty.

5. An operator may set a late fee other than that permitted in subsection 4 of this section if such fee is reasonable. The operator shall have the burden of proof that a higher late fee is reasonable.

6. The operator may recover all reasonable rent collection and lien enforcement expenses from the occupant in addition to any late fees incurred.

620.1450. The maximum amount of tax credits allowable pursuant to the provisions of the

individual training account program shall not annually exceed **[**six**]** **one** million dollars.