

FIRST REGULAR SESSION

# SENATE BILL NO. 272

92ND GENERAL ASSEMBLY

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INTRODUCED BY SENATORS BLAND, SHIELDS, COLEMAN, WHEELER AND DePASCO.

Read 1st time January 15, 2003, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

0690S.021

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## AN ACT

To repeal sections 135.478 and 135.481, RSMo, and to enact in lieu thereof two new sections relating to tax credits for distressed communities.

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

Section A. Sections 135.478 and 135.481, are repealed and two new sections enacted in lieu thereof, to be known as sections 135.478 and 135.481, to read as follows:

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 other than demolition, 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

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

ineligible;

(6) "Eligible residence", a single-family residence **or a condominium or resident within a multiple residential structure, or a structure containing multiple single-family residences** 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] **county that is not located 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 nonmetropolitan areas in the state] **all counties not located within a metropolitan statistical area;**

(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 with more than fifty-four thousand two hundred but not less than fifty-four thousand three hundred inhabitants, or a county of the first classification without a charter form of government with a population of more than two hundred forty thousand three hundred but less than two hundred forty thousand four hundred inhabitants, vacant property classified as residential or agricultural and horticultural property, as defined in section , 137.016, RSMo, and is located within the limits of a city or is served by a municipal sanitary sewer service;** except that, no new residence shall be constructed in a flood plain or on property used for agricultural purposes **except as otherwise provided in this section.** [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 residence 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 **either located within a United States census block group which, if** 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], **has a median household income of less than 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 that is located in a county that is not located in a metropolitan statistical area, has a median household income of less than seventy percent of the median household income for all counties not located within a metropolitan statistical area,** 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.

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 **which has received a certificate of existence of dangerous building as defined by the municipal building code or, is** 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,], **or for condominium use**, 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] **which** is under way by January 1, [2000] **2003**, and completed by January 1, [2002] **2004**.

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.] 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.