

FIRST REGULAR SESSION

SENATE BILL NO. 353

95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHMITT.

Read 1st time February 11, 2009, and ordered printed.

TERRY L. SPIELER, Secretary.

1372S.02I

AN ACT

To repeal section 620.1039, RSMo, and to enact in lieu thereof one new section relating to tax credits for qualified research expenses related solely to animal and plant sciences.

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

Section A. Section 620.1039, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 620.1039, to read as follows:

620.1039. 1. As used in this section, the term "taxpayer" means an
2 individual, a partnership, or any charitable organization which is exempt from
3 federal income tax and whose Missouri unrelated business taxable income, if any,
4 would be subject to the state income tax imposed under chapter 143, RSMo, or a
5 corporation as described in section 143.441 or 143.471, RSMo, or section 148.370,
6 RSMo, and the term "qualified research expenses" has the same meaning as
7 prescribed in 26 U.S.C. 41, **except that such qualified research expenses**
8 **shall be limited to those incurred in the research and development of**
9 **agricultural biotechnology, plant genomics products, and prescription**
10 **pharmaceuticals consumed by animals.**

11 2. For tax years beginning on or after January 1, 2001, the director of the
12 department of economic development [may] **shall** authorize a taxpayer to receive
13 a tax credit against the tax otherwise due pursuant to chapter 143, RSMo, or
14 chapter 148, RSMo, other than the taxes withheld pursuant to sections 143.191
15 to 143.265, RSMo, in an amount up to six and one-half percent of the excess of
16 the taxpayer's qualified research expenses, as certified by the director of the
17 department of economic development, within this state during the taxable year
18 over the average of the taxpayer's qualified research expenses within this state

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

19 over the immediately preceding three taxable years; except that, no tax credit
20 shall be allowed on that portion of the taxpayer's qualified research expenses
21 incurred within this state during the taxable year in which the credit is being
22 claimed, to the extent such expenses exceed two hundred percent of the taxpayer's
23 average qualified research expenses incurred during the immediately preceding
24 three taxable years.

25 3. The director of economic development shall prescribe the manner in
26 which the tax credit may be applied for. The tax credit authorized by this section
27 may be claimed by the taxpayer to offset the tax liability imposed by chapter 143,
28 RSMo, or chapter 148, RSMo, that becomes due in the tax year during which such
29 qualified research expenses were incurred. Where the amount of the credit
30 exceeds the tax liability, the difference between the credit and the tax liability
31 may only be carried forward for the next five succeeding taxable years or until the
32 full credit has been claimed, whichever first occurs. The application for tax
33 credits authorized by the director pursuant to subsection 2 of this section shall
34 be made **no earlier than January first and no later than [the end of] July**
35 **first of the calendar year immediately following the calendar year in**
36 **which** the taxpayer's tax period [immediately following the tax period] for which
37 the credits are being claimed **ended. The director shall act on any such**
38 **application for tax credits no sooner than August first but no later than**
39 **August fifteenth of each year for applications filed in that calendar**
40 **year.**

41 4. Certificates of tax credit issued pursuant to this section may be
42 transferred, sold or assigned by filing a notarized endorsement thereof with the
43 department which names the transferee and the amount of tax credit
44 transferred. The director of economic development may allow a taxpayer to
45 transfer, sell or assign up to forty percent of the amount of the certificates of tax
46 credit issued to and not claimed by such taxpayer pursuant to this section during
47 any tax year commencing on or after January 1, [1996] **2010**, and ending not
48 later than December 31, [1999] **2016**. Such taxpayer shall file, by December 31,
49 [2001] **2018**, an application with the department which names the transferee, the
50 amount of tax credit desired to be transferred, and a certification that the funds
51 received by the applicant as a result of the transfer, sale or assignment of the tax
52 credit shall be expended within three years at the state university for the sole
53 purpose of conducting research activities agreed upon by the department, the
54 taxpayer and the state university. Failure to expend such funds in the manner

55 prescribed pursuant to this section shall cause the applicant to be subject to the
56 provisions of section 620.017.

57 5. No rule or portion of a rule promulgated under the authority of this
58 section shall become effective unless it has been promulgated pursuant to the
59 provisions of chapter 536, RSMo. All rulemaking authority delegated prior to
60 June 27, 1997, is of no force and effect and repealed; however, nothing in this
61 section shall be interpreted to repeal or affect the validity of any rule filed or
62 adopted prior to June 27, 1997, if such rule complied with the provisions of
63 chapter 536, RSMo. The provisions of this section and chapter 536, RSMo, are
64 nonseverable and if any of the powers vested with the general assembly pursuant
65 to chapter 536, RSMo, including the ability to review, to delay the effective date,
66 or to disapprove and annul a rule or portion of a rule, are subsequently held
67 unconstitutional, then the purported grant of rulemaking authority and any rule
68 so proposed and contained in the order of rulemaking shall be invalid and void.

69 6. The aggregate of all tax credits authorized pursuant to this section
70 shall not exceed **[nine] ten million [seven hundred thousand] dollars in any**
71 **calendar year. In the event that total eligible claims for credits**
72 **received in a calendar year exceed the annual cap, each eligible**
73 **claimant shall be issued credits based upon the following formula: the**
74 **eligible credits if the annual cap had not been exceeded multiplied by**
75 **the ratio of the annual cap divided by the total of all eligible claims for**
76 **credits filed in that calendar year.**

77 7. [For all tax years beginning on or after January 1, 2005, no tax credits
78 shall be approved, awarded, or issued to any person or entity claiming any tax
79 credit under this section] **No one tax payer shall be issued more than**
80 **thirty percent of the aggregate of all tax credits authorized under this**
81 **section in any calendar year.**

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