

SENATE SUBSTITUTE

FOR

HOUSE COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NO. 1501

AN ACT

To repeal sections 99.1205, 135.350, 135.352, 253.545, 253.550, 253.557, and 253.559, RSMo, and to enact in lieu thereof seventeen new sections relating to tax incentive programs.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI, AS FOLLOWS:

1 Section A. Section 99.1205, 135.350, 135.352, 253.545,
2 253.550, 253.557, and 253.559, RSMo, are repealed and seventeen
3 new sections enacted in lieu thereof, to be known as sections
4 67.2050, 99.1205, 135.350, 135.352, 135.1550, 135.1555, 135.1560,
5 135.1565, 135.1570, 135.1575, 144.810, 253.545, 253.550, 253.557,
6 253.559, 348.273, and 348.274 to read as follows:

7 67.2050. 1. As used in this section, unless the context
8 clearly indicates otherwise, the following terms mean:

9 (1) "Facility", a location composed of real estate,
10 buildings, fixtures, machinery, and equipment;

11 (2) "Municipality", any county, city, incorporated town,
12 village of the state, or any utilities board thereof;

13 (3) "NAICS", the 2007 edition of the North American
14 Industry Classification System developed under the direction and
15 guidance of the federal Office of Management and Budget. Any
16 NAICS sector, subsector, industry group, or industry identified

1 in this section shall include its corresponding classification in
2 previous and subsequent federal industry classification systems;

3 (4) "Technology business facility", a facility purchased,
4 constructed, extended, or improved under this section, provided
5 that such business facility is engaged in:

6 (a) Data processing, hosting, and related services (NAICS
7 518210);

8 (b) Internet publishing and broadcasting and web search
9 portals (NAICS 519130) at the business facility; or

10 (c) The transmission of voice, data, text, sound, and video
11 using wired telecommunication networks (NAICS 517110);

12 (5) "Technology business facility project" or "project",
13 the purchase, sale, lease, construction, extension, and
14 improvement of technology business facilities, whether of the
15 facility as a whole or of any one or more of the facility's
16 components of real estate, buildings, fixtures, machinery, and
17 equipment.

18 2. The governing body of any municipality may:

19 (1) Carry out technology business facility projects for
20 economic development under this section;

21 (2) Accept grants from the federal and state governments
22 for technology business facility project purposes, and may enter
23 into such agreements as are not contrary to the laws of this
24 state and which may be required as a condition of grants by the
25 federal government or its agencies; and

26 (3) Receive gifts and donations from private sources to be
27 used for technology business facility project purposes.

28 3. The governing body of the municipality may enter into

1 loan agreements, sell, lease, or mortgage to private persons,
2 partnerships, or corporations any one or more of the components
3 of a facility received, purchased, constructed, or extended by
4 the municipality for development of a technology business
5 facility project. The loan agreement, installment sale
6 agreement, lease, or other such document shall contain such other
7 terms as are agreed upon between the municipality and the
8 obligor, provided that such terms shall be consistent with this
9 section. When, in the judgment of the governing body of the
10 municipality, the technology business facility project will
11 result in economic benefits to the municipality, the governing
12 body may lawfully enter into an agreement that includes nominal
13 monetary consideration to the municipality in exchange for the
14 use of one or more components of the facility.

15 4. Transactions involving the lease or rental of any
16 components of a project under this section shall be specifically
17 exempted from the provisions of local sales tax law as defined in
18 sections 32.085, 238.235, 144.010 to 144.525, and 144.600 to
19 144.761 and from the computation of the tax levied, assessed, or
20 payable under local sales tax law as defined in sections 32.085,
21 144.010 to 144.525, 144.600 to 144.745, and 238.235.

22 5. Leasehold interests granted and held under this section
23 shall not be subject to property taxes.

24 6. Any payments in lieu of taxes expected to be made by any
25 lessee of the project shall be applied in accordance with this
26 section. The lessee may reimburse the municipality for its
27 actual costs of administering the plan. All amounts paid in
28 excess of such actual costs shall, immediately upon receipt

1 thereof, be disbursed by the municipality's treasurer or other
2 financial officer to each affected taxing entity in proportion to
3 the current ad valorem tax levy of each affected taxing entity.

4 7. The county assessor shall include the current assessed
5 value of all property within the affected taxing entities in the
6 aggregate valuation of assessed property entered upon the
7 assessor's book and verified under section 137.245, and such
8 value shall be used for the purpose of the debt limitation on
9 local government under article VI, section 26(b), Constitution of
10 Missouri.

11 8. The governing body of any municipality may sell or
12 otherwise dispose of the property, buildings, or plants acquired
13 under this section to private persons or corporations for
14 technology business facility project purposes upon approval by
15 the governing body. The terms and method of the sale or other
16 disposal shall be established by the governing body so as to
17 reasonably protect the economic well-being of the municipality
18 and to promote the development of technology business facility
19 projects. A private person or corporation that initially
20 transfers property to the municipality for the purposes of a
21 technology business facility project and does not charge a
22 purchase price to the municipality shall retain the right, upon
23 request to the municipality, to have the municipality retransfer
24 the donated property to the person or corporation at no cost.

25 9. The provisions of this section shall not be construed to
26 allow political subdivisions to provide telecommunications
27 services or telecommunications facilities to the extent that they
28 are prohibited from doing so by section 392.410.

1 99.1205. 1. This section shall be known and may be cited as
2 the "Distressed Areas Land Assemblage Tax Credit Act".

3 2. As used in this section, the following terms mean:

4 (1) "Acquisition costs", the purchase price for the
5 eligible parcel, costs of environmental assessments, closing
6 costs, real estate brokerage fees, reasonable demolition costs of
7 vacant structures or any portion thereof, together with site and
8 redevelopment area planning and engineering costs regarding one
9 or more eligible parcels, and reasonable maintenance costs
10 incurred to maintain an acquired eligible parcel for a period of
11 ~~[five]~~ twelve years after the acquisition of such eligible
12 parcel. Acquisition costs shall not include costs for [title
13 insurance and survey,] attorney's fees, relocation costs, fines,
14 or bills from a municipality;

15 (2) "Applicant", any person, firm, partnership, trust,
16 limited liability company, or corporation which has:

17 (a) Incurred, within an eligible project area, acquisition
18 costs for the acquisition of land sufficient to satisfy the
19 requirements under subdivision (8) of this subsection; and

20 (b) Been appointed or selected, pursuant to a redevelopment
21 agreement by a municipal authority, as a redeveloper or similar
22 designation, under an economic incentive law, to redevelop an
23 urban renewal area or a redevelopment area that includes all of
24 an eligible project area or whose redevelopment plan or
25 redevelopment area, which encompasses all of an eligible project
26 area, has been approved or adopted under an economic incentive
27 law. In addition to being designated the redeveloper, the
28 applicant shall have been designated to receive economic

1 incentives only after the municipal authority has considered the
2 amount of the tax credits in adopting such economic incentives as
3 provided in subsection 8 of this section. The redevelopment
4 agreement shall provide that:

5 a. the funds generated through the use or sale of the tax
6 credits issued under this section shall be used to redevelop the
7 eligible project area;

8 b. No more than seventy-five percent of the urban renewal
9 area identified in the urban
10 renewal plan or the redevelopment area identified in the
11 redevelopment plan may be redeveloped by the applicant; and

12 c. The remainder of the urban renewal area or the
13 redevelopment area shall be redeveloped by co-redevelopers or
14 redevelopers to whom the applicant has assigned its
15 redevelopment rights and obligations under the urban renewal plan
16 or the redevelopment plan;

17 (3) "Certificate", a tax credit certificate issued under
18 this section;

19 (4) "Condemnation proceedings", any action taken by, or on
20 behalf of, an applicant to initiate an action in a court of
21 competent jurisdiction to use the power of eminent domain to
22 acquire a parcel within the eligible project area. Condemnation
23 proceedings shall include any and all actions taken after the
24 submission of a notice of intended acquisition to an owner of a
25 parcel within the eligible project area by a municipal authority
26 or any other person or entity under section 523.250;

27 (5) "Department", the Missouri department of economic
28 development;

1 (6) "Economic incentive laws", any provision of Missouri
2 law pursuant to which economic incentives are provided to
3 redevelopers of a parcel or parcels to redevelop the land, such
4 as tax abatement or payments in lieu of taxes, or redevelopment
5 plans or redevelopment projects approved or adopted which include
6 the use of economic incentives to redevelop the land. Economic
7 incentive laws include, but are not limited to, the land
8 clearance for redevelopment authority law under sections 99.300
9 to 99.660, the real property tax increment allocation
10 redevelopment act under sections 99.800 to 99.865, the Missouri
11 downtown and rural economic stimulus act under sections 99.915 to
12 99.1060, and the downtown revitalization preservation program
13 under sections 99.1080 to 99.1092;

14 (7) "Eligible parcel", a parcel:

15 (a) Which is located within an eligible project area;

16 (b) Which is to be redeveloped;

17 (c) On which the applicant has not commenced construction
18 prior to November 28, 2007;

19 (d) Which has been acquired either directly by the
20 applicant, or on behalf of the applicant through one or more
21 affiliated companies controlled by the applicant or under common
22 ownership with the applicant;

23 (e) Which has been acquired without the commencement of any
24 condemnation proceedings with respect to such parcel brought by
25 or on behalf of the applicant. Any parcel acquired before August
26 28, 2007, by the applicant from a municipal authority shall not
27 constitute an eligible parcel; and

28 [(e)] (f) On which all outstanding taxes, fines, and bills

1 levied by municipal governments that were levied by the
2 municipality during the time period that the applicant held title
3 to the eligible parcel have been paid in full;

4 (8) "Eligible project area", an area which shall have
5 satisfied the following requirements:

6 (a) The eligible project area shall consist of at least
7 seventy-five acres and may include parcels within its boundaries
8 that do not constitute an eligible parcel;

9 (b) At least eighty percent of the eligible project area
10 shall be located within a Missouri qualified census tract area,
11 as designated by the United States Department of Housing and
12 Urban Development under 26 U.S.C. Section 42, or within a
13 distressed community as that term is defined in section 135.530;

14 (c) The eligible parcels acquired by the applicant within
15 the eligible project area shall total at least fifty acres, which
16 may consist of contiguous and noncontiguous parcels, but, for
17 purposes of calculating such fifty acre minimum, shall not
18 include any parcel acquired by the applicant from a municipal
19 authority;

20 (d) The average number of parcels per acre in an eligible
21 project area shall be four or more; and

22 (e) Less than five percent of the acreage within the
23 boundaries of the eligible project area shall consist of owner-
24 occupied residences which the applicant has identified for
25 acquisition under the urban renewal plan or the redevelopment
26 plan pursuant to which the applicant was appointed or selected as
27 the redeveloper or by which the person or entity was qualified as
28 an applicant under this section on the date of the approval or

1 adoption of such plan.

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3 In lieu of the of the preceding requirements in this subdivision,
4 any area including and within one quarter mile of property
5 formerly utilized by the state of Missouri as a penitentiary
6 located in any home rule city with more than forty-one thousand
7 but fewer than forty-seven thousand inhabitants and partially
8 located in any county of the first classification with more than
9 seventy thousand but fewer than eighty-three thousand inhabitants
10 shall be considered an eligible project area;

11 (9) "Interest costs", interest, loan fees, and closing
12 costs, any of which relate to or arise out of loans relating to
13 acquisition costs, including without limitation, interest, loan
14 fees, and closing costs associated with the refinancing of loans
15 relating to acquisition costs. Interest costs shall not include
16 attorney's fees;

17 (10) "Maintenance costs", costs of boarding up and securing
18 vacant structures, costs of removing trash, and costs of cutting
19 grass and weeds;

20 (11) "Municipal authority", any city, town, village,
21 county, public body corporate and politic, political subdivision,
22 or land trust of this state established and authorized to own
23 land within the state;

24 (12) "Municipality", any city, town, village, or county;

25 (13) "Parcel", a single lot or tract of land, and the
26 improvements thereon, owned by, or recorded as the property of,
27 one or more persons or entities;

28 (14) "Redeveloped", the process of undertaking and carrying

1 out a redevelopment plan or urban renewal plan pursuant to which
2 the conditions which provided the basis for an eligible project
3 area to be included in a redevelopment plan or urban renewal plan
4 are to be reduced or eliminated by redevelopment or
5 rehabilitation; and

6 (15) "Redevelopment agreement", the redevelopment agreement
7 or similar agreement into which the applicant entered with a
8 municipal authority and which is the agreement for the
9 implementation of the urban renewal plan or redevelopment plan
10 pursuant to which the applicant was appointed or selected as the
11 redeveloper or by which the person or entity was qualified as an
12 applicant under this section; and such appointment or selection
13 shall have been approved by an ordinance of the governing body of
14 the municipality, or municipalities, or in the case of any city
15 not within a county, the board of aldermen, in which the eligible
16 project area is located. The redevelopment agreement shall
17 include a time line for redevelopment of the eligible project
18 area, including deadlines for commencement of work and for
19 project completion, and shall provide the municipal authority the
20 right to terminate the rights of the redeveloper under the
21 redemption agreement if such deadlines are not met. The
22 redevelopment agreement shall state that the named developer
23 shall be subject to the provisions of chapter 290.

24 3. Subject to the limitations provided in subsection 7 of
25 this section, any applicant shall be entitled to a tax credit
26 against the taxes imposed under chapters 143, 147, and 148,
27 except for sections 143.191 to 143.265, in an amount equal to
28 fifty percent of the acquisition costs, and one hundred percent

1 of the interest costs incurred for a period of ~~[five]~~ twelve
2 years after the acquisition of an eligible parcel. [No tax
3 credits shall be issued under this section until after January 1,
4 2008.] If the applicant has previously been issued tax credits
5 with respect to acquisition costs or interest costs under any
6 similar preceding statutory regime, the applicant shall not be
7 entitled to additional tax credits under this section for the
8 same acquisition costs or interest costs; provided that the
9 applicant may be issued tax credits under this section with
10 respect to such acquisition costs or interest costs if and to the
11 extent that the applicant was not issued the full amount of tax
12 credits to which the applicant was entitled under such similar
13 preceding statutory regime.

14 4. If the amount of such tax credit exceeds the total tax
15 liability for the year in which the applicant is entitled to
16 receive a tax credit, the amount that exceeds the state tax
17 liability may be carried forward for credit against the taxes
18 imposed under chapters 143, 147, and 148 for the succeeding six
19 years, or until the full credit is used, whichever occurs first.
20 The applicant shall not be entitled to a tax credit for taxes
21 imposed under sections 143.191 to 143.265. Applicants entitled
22 to receive such tax credits may transfer, sell, or assign the tax
23 credits. Tax credits granted to a partnership, a limited
24 liability company taxed as a partnership, or multiple owners of
25 property shall be passed through to the partners, members, or
26 owners respectively pro rata or pursuant to an executed agreement
27 among the partners, members, or owners documenting an alternate
28 distribution method.

1 5. A purchaser, transferee, or assignee of the tax credits
2 authorized under this section may use acquired tax credits to
3 offset up to one hundred percent of the tax liabilities otherwise
4 imposed under chapters 143, 147, and 148, except for sections
5 143.191 to 143.265. A seller, transferor, or assignor shall
6 perfect such transfer by notifying the department in writing
7 within thirty calendar days following the effective date of the
8 transfer and shall provide any information as may be required by
9 the department to administer and carry out the provisions of this
10 section.

11 6. To claim tax credits authorized under this section, an
12 applicant shall submit to the department an application for a
13 certificate. An applicant shall identify the boundaries of the
14 eligible project area in the application. The department shall
15 verify that the applicant has submitted a valid application in
16 the form and format required by the department. The department
17 shall verify that the municipal authority held the requisite
18 hearings and gave the requisite notices for such hearings in
19 accordance with the applicable economic incentive act, and
20 municipal ordinances. On ~~[an annual]~~ a quarterly basis, an
21 applicant may file for the tax credit for the acquisition costs,
22 and for the tax credit for the interest costs, subject to the
23 limitations of this section. If an applicant applying for the
24 tax credit meets the criteria required under this section, the
25 department shall issue a certificate in the appropriate amount.
26 If an applicant receives a tax credit for maintenance costs as a
27 part of the applicant's acquisition costs, the department shall
28 post on its internet website the amount and type of maintenance

1 costs and a description of the redevelopment project for which
2 the applicant received a tax credit within thirty days after the
3 department issues the certificate to the applicant.

4 7. The total aggregate amount of tax credits authorized
5 after August 28, 2014, under this section shall not exceed
6 ~~[ninety-five]~~ forty-eight million dollars. At no time shall the
7 annual amount of the tax credits issued under this section exceed
8 twenty million dollars. If the tax credits that are to be issued
9 under this section exceed, in any year, the twenty million dollar
10 limitation, the department shall either:

11 (1) Issue tax credits to the applicant in the amount of
12 twenty million dollars, if there is only one applicant entitled
13 to receive tax credits in that year; or

14 (2) Issue the tax credits on a pro rata basis to all
15 applicants entitled to receive tax credits in that year as
16 provided in this subdivision. The department shall determine on
17 an ongoing basis during the course of each calendar year the
18 amount of tax credits that have been issued to each applicant for
19 each eligible project area during such year and the amount of tax
20 credits remaining available for issuance with respect to such
21 calendar year, if any. Any amount of tax credits, which an
22 applicant is, or applicants are, entitled to receive on an annual
23 basis and are not issued due to the twenty million dollar
24 limitation, shall be carried forward for the benefit of the
25 applicant or applicants to subsequent years. No tax credits
26 provided under this section shall be authorized after August 28,
27 ~~[2013]~~ 2020. Any tax credits which have been authorized on or
28 before August 28, ~~[2013]~~ 2020, but not issued, may be issued,

1 subject to the limitations provided under this subsection, until
2 all such authorized tax credits have been issued.

3 8. Upon issuance of any tax credits pursuant to this
4 section, the department shall report to the municipal authority
5 the applicant's name and address, the parcel numbers of the
6 eligible parcels for which the tax credits were issued, the
7 itemized acquisition costs and interest costs for which tax
8 credits were issued, and the total value of the tax credits
9 issued. The municipal authority and the state shall not consider
10 the amount of the tax credits as an applicant's cost, but shall
11 include [the] issued tax credits in any subsequent sources and
12 uses and cost benefit analysis reviewed or created for the
13 purpose of awarding other economic incentives. The amount of the
14 tax credits shall not be considered an applicant's cost in the
15 evaluation of the amount of any award of any other economic
16 incentives, but shall be considered in measuring the
17 reasonableness of the rate of return to the applicant with
18 respect to such award of other economic incentives. The
19 municipal authority shall provide the report to any relevant
20 commission, board, or entity responsible for the evaluation and
21 recommendation or approval of other economic incentives to assist
22 in the redevelopment of the eligible project area. Tax credits
23 authorized under this section shall constitute redevelopment tax
24 credits, as such term is defined under section 135.800, and shall
25 be subject to all provisions applicable to redevelopment tax
26 credits provided under sections 135.800 to 135.830.

27 9. Following its initial application for tax credits under
28 this section for eligible costs incurred in 2014 or any following

1 year and during the period it continues to seek tax credits under
2 this section, an applicant shall submit to the department on a
3 quarterly basis at the end of each calendar quarter a report
4 affirming such applicant's continued qualification as an
5 applicant under this section, describing the applicant's progress
6 toward meeting the deadlines for commencement of work and for
7 project completion established under its redevelopment agreement
8 with the applicable municipal authority and including copies of
9 any written notices from such municipal authority asserting or
10 threatening a termination of such development agreement due to a
11 breach or default in the performance of such applicant's
12 obligations under such redevelopment agreement. The department
13 shall review annually the eligibility of each applicant to
14 receive tax credits under this section. The department shall not
15 issue to an applicant any tax credits provided under this section
16 after the date upon which the governing body of the municipality
17 or municipalities, or in the case of any city not within a
18 county, the board of aldermen, makes a finding that the applicant
19 has failed to comply with deadlines regarding project
20 commencement, completion, or other material provisions of its
21 redevelopment agreement with an applicant, and in furtherance of
22 such finding the governing body validly adopts an ordinance
23 terminating its redevelopment agreement with the applicant with
24 the result that such applicant no longer satisfies the
25 requirements of paragraph (b) of subdivision (2) of subsection 2
26 of this section. The governing body shall notify the department
27 of the governing body's findings and shall deliver to the
28 department a certified copy of the ordinance terminating such

1 redevelopment agreement as soon as practicable.

2 10. The department may promulgate rules to implement the
3 provisions of this section. Any rule or portion of a rule, as
4 that term is defined in section 36.010, that is created under the
5 authority delegated in this section shall become effective only
6 if it complies with and is subject to all of the provisions of
7 chapter 536 and, if applicable, section 536.028. This section
8 and chapter 536 are nonseverable and if any of the powers vested
9 with the general assembly pursuant to chapter 536 to review, to
10 delay the effective date, or to disapprove and annul a rule are
11 subsequently held unconstitutional, then the grant of rulemaking
12 authority and any rule proposed or adopted after August 28, 2007,
13 shall be invalid and void.

14 135.350. As used in [this section] sections 135.350 to
15 135.363, unless the context clearly requires otherwise, the
16 following words and phrases shall mean:

- 17 (1) "Commission", the Missouri housing development
18 commission, or its successor agency;
- 19 (2) "Director", director of the department of revenue;
- 20 (3) "Eligibility statement", a statement authorized and
21 issued by the commission certifying that a given project
22 qualifies for the Missouri low-income housing tax credit. The
23 commission shall promulgate rules establishing criteria upon
24 which the eligibility statements will be issued. The eligibility
25 statement shall specify the amount of the Missouri low-income
26 housing tax credit allowed. The commission shall only authorize
27 the tax credits to qualified projects which begin after June 18,
28 1991;

1 (4) "Federal credit period", the same meaning as is
2 prescribed the term "credit period" under section 42 of the 1986
3 Internal Revenue Code, as amended;

4 (5) "Federal low-income housing tax credit", the federal
5 tax credit as provided in section 42 of the 1986 Internal Revenue
6 Code, as amended;

7 [(5)] (6) "Low-income project", a housing project which has
8 restricted rents that do not exceed thirty percent of median
9 income for at least forty percent of its units occupied by
10 persons of families having incomes of sixty percent or less of
11 the median income, or at least twenty percent of the units
12 occupied by persons or families having incomes of fifty percent
13 or less of the median income;

14 [(6)] (7) "Median income", those incomes which are
15 determined by the federal Department of Housing and Urban
16 Development guidelines and adjusted for family size;

17 [(7)] (8) "Qualified Missouri project", a qualified
18 low-income building as that term is defined in section 42 of the
19 1986 Internal Revenue Code, as amended, which is located in
20 Missouri;

21 [(8)] (9) "Taxpayer", person, firm or corporation subject
22 to the state income tax imposed by the provisions of chapter 143
23 (except withholding imposed by sections 143.191 to 143.265) or a
24 corporation subject to the annual corporation franchise tax
25 imposed by the provisions of chapter 147, or an insurance company
26 paying an annual tax on its gross premium receipts in this state,
27 or other financial institution paying taxes to the state of
28 Missouri or any political subdivision of this state under the

1 provisions of chapter 148, or an express company which pays an
2 annual tax on its gross receipts in this state.

3 135.352. 1. A taxpayer owning an interest in a qualified
4 Missouri project shall, subject to the limitations provided under
5 the provisions of subsection 3 of this section, be allowed a
6 state tax credit, whether or not allowed a federal tax credit, to
7 be termed the Missouri low-income housing tax credit, if the
8 commission issues an eligibility statement for that project.

9 2. For qualified Missouri projects placed in service after
10 January 1, 1997, the Missouri low-income housing tax credit
11 available to a project shall be such amount as the commission
12 shall determine is necessary to ensure the feasibility of the
13 project, up to an amount equal to the federal low-income housing
14 tax credit for a qualified Missouri project, for a federal [tax]
15 credit period, and such amount shall be subtracted from the
16 amount of state tax otherwise due for the same tax period.

17 3. No more than six million dollars in tax credits shall be
18 authorized each fiscal year ending on or before June 30, 2015,
19 for projects financed through tax-exempt bond issuance.

20 4. For purposes of the limitations provided under this
21 subsection, the aggregate amount of tax credits allowed over a
22 federal credit period shall be attributed to the fiscal year in
23 which such credits are authorized by the commission for a
24 qualified Missouri project. For each fiscal year beginning on or
25 after July 1, 2015, there shall be a four million dollar cap on
26 tax credit authorizations for projects that are financed through
27 tax exempt bond issuance. For projects that are not financed
28 through tax exempt bond issuance, the maximum amount of tax

1 credits authorized shall be as follows:

2 (1) For fiscal year 2015, one hundred thirty million
3 dollars;

4 (2) For fiscal year 2016, one hundred twenty-five million
5 dollars;

6 (3) For fiscal year 2017, one hundred twenty million
7 dollars;

8 (4) For fiscal year 2018, one hundred fifteen million
9 dollars; and

10 (5) For the fiscal years beginning in 2019 and thereafter,
11 one hundred ten million dollars.

12 5. The Missouri low-income housing tax credit shall be
13 taken against the taxes and in the order specified pursuant to
14 section 32.115. The credit authorized by this section shall not
15 be refundable. Any amount of credit that exceeds the tax due for
16 a taxpayer's taxable year may be carried back to any of the
17 taxpayer's three prior taxable years or carried forward to any of
18 the taxpayer's five subsequent taxable years. For projects
19 authorized on or after July 1, 2015, any amount of credit that
20 exceeds the tax due for a taxpayer's taxable year shall not be
21 eligible to be carried back but may be carried forward to any of
22 the taxpayer's two subsequent taxable years.

23 [5.] 6. All or any portion of Missouri tax credits issued
24 in accordance with the provisions of sections 135.350 to 135.362
25 may be allocated to parties who are eligible pursuant to the
26 provisions of subsection 1 of this section. Beginning January 1,
27 1995, for qualified projects which began on or after January 1,
28 1994, an owner of a qualified Missouri project shall certify to

1 the director the amount of credit allocated to each taxpayer.
2 The owner of the project shall provide to the director
3 appropriate information so that the low-income housing tax credit
4 can be properly allocated.

5 [6.] 7. In the event that recapture of Missouri low-income
6 housing tax credits is required pursuant to subsection 2 of
7 section 135.355, any statement submitted to the director as
8 provided in this section shall include the proportion of the
9 state credit required to be recaptured, the identity of each
10 taxpayer subject to the recapture and the amount of credit
11 previously allocated to such taxpayer.

12 8. A taxpayer that receives state tax credits under the
13 provisions of sections 253.545 to 253.559 shall be ineligible to
14 receive state tax credits under the provisions of sections
15 135.350 to 135.363 for the same project if such project is not
16 financed through tax exempt bond issuance.

17 [7.] 9. The director of the department may promulgate rules
18 and regulations necessary to administer the provisions of this
19 section. No rule or portion of a rule promulgated pursuant to
20 the authority of this section shall become effective unless it
21 has been promulgated pursuant to the provisions of section
22 536.024.

23 135.1550. 1. Sections 135.1550 to 135.1575 shall be known
24 and may be cited as the "Missouri Export Incentive Act".

25 2. As used in sections 135.1550 to 135.1575, unless the
26 context clearly requires otherwise, the following terms shall
27 mean:

28 (1) "Air export tax credit", the tax credit against the

1 taxes imposed under chapters 143, 147, and 148, except for
2 sections 143.191 to 143.265, to be issued by the department to a
3 claiming freight forwarder for the shipment of air cargo on a
4 qualifying outbound flight;

5 (2) "Airport", an airport which is owned and operated by a
6 city located within this state;

7 (3) "Chargeable kilo", the shipment of a kilo of freight as
8 measured by the greater of:

9 (a) Actual weight; or

10 (b) A dimensional weight, as determined by the conversion
11 factors promulgated by the International Air Transport
12 Association, on a qualifying outbound flight;

13 (4) "Claiming freight forwarder", the freight forwarder
14 designated as the "agent" on the airway bill for the qualifying
15 outbound flight for which such air export tax credit is sought;

16 (5) "Department", the Missouri department of economic
17 development;

18 (6) "Direct international aircraft flight", a single
19 aircraft transoceanic flight that operates to an international
20 destination in accordance with the operator's bilateral route
21 authority;

22 (7) "Freight forwarder", a person who assumes
23 responsibility in the ordinary course of business for the
24 transportation of cargo from the place of receipt to the place of
25 destination, including the utilization of a qualifying outbound
26 flight;

27 (8) "Qualifying outbound flight", a direct international
28 aircraft flight from the airport to an international destination

1 that carries either all cargo or a mix of passengers and cargo.

2 135.1555. 1. For all fiscal years beginning on or after
3 July 1, 2014, a claiming freight forwarder shall be entitled to
4 an air export tax credit for the shipment of cargo on a
5 qualifying outbound flight in an amount equal to forty cents per
6 chargeable kilo.

7 2. The department shall index, and the secretary of state
8 shall publish in the Missouri Register, the amount of the air
9 export tax credits to adjust each year depending upon
10 fluctuations in the cost of fuel for over-the-road
11 transportation.

12 135.1560. 1. To receive benefits provided under section
13 135.1555, a claiming freight forwarder shall file an application
14 with the department within one hundred twenty calendar days of
15 the date of shipment. The documentation to be presented by the
16 claiming freight forwarder in such an application shall consist
17 of the master airway bill for the shipment on the qualifying
18 outbound flight for which the claiming freight forwarder is
19 seeking air export tax credits. The department shall establish
20 procedures to allow claiming freight forwarders that file
21 applications for air export tax credits to receive such tax
22 credits within twenty business days of the filing of the
23 application.

24 2. No tax credits provided under this section shall be
25 authorized after June 30, 2022. Any tax credits authorized on or
26 before June 30, 2022, but not issued, may be issued until all
27 such authorized tax credits have been issued.

28 135.1565. The total aggregate amount of air export tax

1 credits authorized under section 135.1555 shall not exceed sixty
2 million dollars. The amount of air export tax credits issued
3 under section 135.1555 shall not exceed three million six hundred
4 thousand dollars for the fiscal year beginning July 1, 2014. The
5 amount of air export tax credits issued for each fiscal year
6 thereafter shall not exceed eight million fifty-seven thousand
7 dollars per fiscal year.

8 135.1570. Tax credits granted to a partnership, a limited
9 liability company taxed as a partnership, or multiple owners of
10 property shall be passed through to the partners, members, or
11 owners respectively pro rata or as determined under an executed
12 agreement among the partners, members, or owners documenting an
13 alternate distribution method.

14 135.1575. 1. The department may promulgate rules to
15 implement the provisions of sections 135.1550 to 135.1575. Any
16 rule or portion of a rule, as that term is defined in section
17 536.010 that is created under the authority delegated in this
18 section shall become effective only if it complies with and is
19 subject to all of the provisions of chapter 536, and, if
20 applicable, section 536.028. This section and chapter 536 are
21 nonseverable and if any of the powers vested with the general
22 assembly under chapter 536, to review, to delay the effective
23 date, or to disapprove and annul a rule are subsequently held
24 unconstitutional, then the grant of rulemaking authority and any
25 rule proposed or adopted after the effective date of this act,
26 shall be invalid and void.

27 2. The provisions of section 23.253 of the Missouri sunset
28 act notwithstanding:

1 (1) The provisions of the new programs authorized under
2 sections 135.1550 to 135.1575 shall automatically sunset eight
3 years after the effective date of this act, unless reauthorized
4 by an act of the general assembly;

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

8 (3) This section shall terminate on September first of the
9 calendar year immediately following the calendar year in which
10 the programs authorized under sections 135.1550 to 135.1575
11 sunset.

12 144.810. 1. As used in this section, unless the context
13 clearly indicates otherwise, the following terms mean:

14 (1) "Commencement of commercial operations", shall be
15 deemed to occur during the first calendar year for which the data
16 storage center is first available for use by the operating
17 taxpayer or first capable of being used by the operating taxpayer
18 as a data storage center;

19 (2) "Constructing taxpayer", if more than one taxpayer is
20 responsible for a project, a taxpayer responsible for the
21 construction of the facility, as opposed to a taxpayer
22 responsible for the equipping and ongoing operations of the
23 facility;

24 (3) "County average wage", the average wage in each county
25 as determined by the department for the most recently completed
26 full calendar year. However, if the computed county average wage
27 is above the statewide average wage, the statewide average wage
28 shall be deemed the county average wage for such county for the

1 purpose of determining eligibility;

2 (4) "Data storage center" or "facility", a facility
3 constructed, extended, improved, or operating under this section,
4 provided that such business facility is engaged primarily in:

5 (a) Data processing, hosting, and related services (NAICS
6 518210);

7 (b) Internet publishing and broadcasting and web search
8 portals (NAICS 519130), at the business facility; or

9 (c) Customer service, customer contact, or customer support
10 operations through the use of computer databases and
11 telecommunications services at the business facility;

12 (5) "Existing facility", a data storage center in this
13 state as it existed prior to August 28, 2014, as determined by
14 the department;

15 (6) "Expanding facility" or "expanding data storage
16 center", an existing facility or replacement facility that
17 expands its operations in this state on or after August 28, 2014,
18 and has a net new investment related to the expansion of
19 operations in this state of at least two million dollars during a
20 period of up to twelve consecutive months and results in the
21 creation of at least two new jobs during a period of up to
22 twenty-four consecutive months from the date of conditional
23 approval for an exemption under this section if the average wage
24 of the new jobs equals or exceeds one hundred and fifty percent
25 of the county average wage. An expanding facility shall continue
26 to be an expanding facility regardless of a subsequent change in
27 or addition of operating taxpayers or constructing taxpayers;

28 (7) "Expanding facility project" or "expanding data storage

1 center project", the construction, extension, improvement,
2 equipping, and operation of an expanding facility;

3 (8) "Investment" shall include the value of real and
4 depreciable personal property acquired as part of the new or
5 expanding facility project which is used in the operation of the
6 facility following conditional approval of an exemption under
7 this section;

8 (9) "NAICS", the 2007 edition of the North American
9 Industry Classification System as prepared by the Executive
10 Office of the President, Office of Management and Budget. Any
11 NAICS sector, subsector, industry group, or industry identified
12 in this section shall include its corresponding classification in
13 previous and subsequent federal industry classification systems;

14 (10) "New facility" or "new data storage center", a
15 facility in this state meeting the following requirements:

16 (a) The facility is acquired by or leased to an operating
17 taxpayer on or after August 28, 2014. A facility shall be deemed
18 to have been acquired by or leased to an operating taxpayer on or
19 after August 28, 2014, if the transfer of title to an operating
20 taxpayer, the transfer of possession under a binding contract to
21 transfer title to an operating taxpayer, or the commencement of
22 the term of the lease to an operating taxpayer occurs on or after
23 August 28, 2014, or, if the facility is constructed, erected, or
24 installed by or on behalf of an operating taxpayer, such
25 construction, erection, or installation is commenced on or after
26 August 28, 2014;

27 (b) If such facility was acquired by an operating or
28 constructing taxpayer from another person or persons on or after

1 August 28, 2014, and such facility was employed prior to August
2 28, 2014, by any other person or persons in the operation of a
3 data storage center the facility shall not be considered a new
4 facility;

5 (c) Such facility is not an expanding or replacement
6 facility, as defined in this section;

7 (d) The new facility project investment is at least five
8 million dollars during a period of up to thirty-six consecutive
9 months from the date of the conditional approval for an exemption
10 under this section. If more than one taxpayer is responsible for
11 a project, the investment requirement may be met by an operating
12 taxpayer, a constructing taxpayer, or a combination of
13 constructing taxpayers and operating taxpayers;

14 (e) At least five new jobs are created at the new facility
15 during a period of up to thirty-six consecutive months from the
16 date of conditional approval for an exemption under this section
17 if the average wage of the new jobs equals or exceeds one hundred
18 fifty percent of the county average wage; and

19 (f) A new facility shall continue to be a new facility
20 regardless of a subsequent change in or addition of operating
21 taxpayers or constructing taxpayers;

22 (11) "New data storage center project" or "new facility
23 project", the construction, extension, improvement, equipping,
24 and operation of a new facility;

25 (12) "New job" in the case of a new data center project,
26 the total number of full-time employees located at a new data
27 storage center for a period of up to thirty-six consecutive
28 months from the date of conditional approval for an exemption

1 under this section. In the case of an expanding data storage
2 center project, the total number of full-time employees located
3 at the expanding data storage center that exceeds the greater of
4 the number of full-time employees located at the project facility
5 on the date of the submission of a project plan under this
6 section or for the twelve-month period prior to the date of the
7 submission of a project plan, the average number of full-time
8 employees located at the expanding data storage center facility.
9 In the event the expanding data storage center facility has not
10 been in operation for a full twelve-month period at the time of
11 the submission of a project plan, the total number of full-time
12 employees located at the expanding data storage center that
13 exceeds the greater of the number of full-time employees located
14 at the project facility on the date of the submission of a
15 project plan under this section or the average number of full-
16 time employees for the number of months the expanding data
17 storage center facility has been in operation prior to the date
18 of the submission of the project plan;

19 (13) "Notice of intent", a form developed by the department
20 of economic development, completed by the project taxpayer, and
21 submitted to the department which states the project taxpayer's
22 intent to construct or expand a data center and requests the
23 exemptions under this program;

24 (14) "Operating taxpayer", if more than one taxpayer is
25 responsible for a project, a taxpayer responsible for the
26 equipping and ongoing operations of the facility, as opposed to a
27 taxpayer responsible for the purchasing or construction of the
28 facility;

1 (15) "Project taxpayers", each constructing taxpayer and
2 each operating taxpayer for a data storage center project;

3 (16) "Replacement facility", a facility in this state
4 otherwise described in subdivision (7) of this subsection, but
5 which replaces another facility located within the state, which
6 the taxpayer or a related taxpayer previously operated but
7 discontinued operating within one year prior to the commencement
8 of commercial operations at the new facility;

9 (17) "Taxpayer", the purchaser of tangible personal
10 property or a service that is subject to state or local sales or
11 use tax and from whom state or local sales or use tax is owed.
12 Taxpayer shall not mean the seller charged by law with collecting
13 the sales tax from the purchaser.

14 2. In addition to the exemptions granted under chapter 144,
15 project taxpayers for a new data storage center project shall be
16 entitled, for a project period not to exceed fifteen years from
17 the date of conditional approval under this section and subject
18 to the requirements of subsection 3 of this section, to an
19 exemption of one hundred percent of the state and local sales and
20 use taxes defined, levied, or calculated under section 32.085,
21 sections 144.010 to 144.525, sections 144.600 to 144.761, or
22 section 238.235, limited to the net fiscal benefit of the state
23 calculated over a ten year period, on:

24 (1) All electrical energy, gas, water, and other utilities
25 including telecommunication and internet services used in a new
26 data storage center;

27 (2) All machinery, equipment, and computers used in any new
28 data storage center; and

1 (3) All sales at retail of tangible personal property and
2 materials for the purpose of constructing any new data storage
3 center.

4
5 The amount of any exemption provided under this subsection shall
6 not exceed the projected net fiscal benefit to the state over a
7 period of ten years as determined by the department of economic
8 development.

9 3. (1) Any data storage center project seeking a tax
10 exemption under subsection 2 of this section shall submit a
11 notice of intent and a project plan to the department of economic
12 development, which shall identify each known constructing
13 taxpayer and known operating taxpayer for the project and include
14 any additional information the department of economic development
15 may require to determine eligibility for the exemption. The
16 department of economic development shall review the project plan
17 and determine whether the project is eligible for the exemption
18 under subsection 2 of this section, conditional upon subsequent
19 verification by the department that the project meets the
20 requirements in subsection 1 of this section for a new facility
21 project. The department shall make such conditional
22 determination within thirty days of submission by the operating
23 taxpayer. Failure of the department to respond within thirty
24 days shall result in a project plan being deemed conditionally
25 approved.

26 (2) The department of economic development shall convey
27 conditional approvals to the department of revenue and the
28 identified project taxpayers. After a conditionally approved new

1 facility has met the requirements in subsection 1 of this section
2 for a new facility and the execution of the agreement specified
3 in subsection 6 of this section, the project taxpayers shall
4 provide proof of the same to the department of economic
5 development. Upon verification of such proof, the department of
6 economic development shall certify the new facility to the
7 department of revenue as being eligible for the exemption dating
8 retroactively to the first day of construction on the new
9 facility. The department of revenue, upon receipt of adequate
10 proof of the amount of sales taxes paid since the first day of
11 construction, shall issue a refund of taxes paid but eligible for
12 exemption under subsection 2 of this section to each operating
13 taxpayer and each constructing taxpayer and issue a certificate
14 of exemption to each new project taxpayer for ongoing exemptions
15 under subsection 2 of this section. The department of revenue
16 shall issue such a refund within thirty days of receipt of
17 certification from the department of economic development.

18 (3) Any project that does not meet the minimum investment
19 or new job requirements of subsection 1 of this section may still
20 be eligible for the exemption under subsection 2 of this section,
21 as long as the exemptions for such project plan do not exceed the
22 projected net fiscal benefit to the state over a period of ten
23 years.

24 (4) The commencement of the exemption period may be delayed
25 at the option of the operating taxpayer but not more than twenty-
26 four months after the execution of the agreement required under
27 subsection 6 of this section.

28 4. In addition to the exemptions granted under chapter 144,

1 upon approval by the department of economic development, project
2 taxpayers for expanding data center projects may for a period not
3 to exceed ten years be specifically exempted from state and local
4 sales and use taxes defined, levied, or calculated under section
5 32.085, sections 144.010 to 144.525, sections 144.600 to 144.761,
6 or section 238.235 on:

7 (1) All electrical energy, gas, water, and other utilities
8 including telecommunication and internet services used in an
9 expanding data storage center which, on an annual basis, exceeds
10 the amount of electrical energy, gas, water, and other utilities
11 including telecommunication and internet services used in the
12 existing facility or the replaced facility prior to the
13 expansion. For purposes of this subdivision only, "amount" shall
14 be measured in kilowatt hours, gallons, cubic feet, or other
15 measures applicable to a utility service as opposed to in dollars
16 to account for increases in utility rates;

17 (2) All machinery, equipment, and computers used in any
18 expanding data storage center; and

19 (3) All sales at retail of tangible personal property and
20 materials for the purpose of constructing, repairing, or
21 remodeling any expanding data storage center.

22
23 The amount of any exemption provided under this subsection shall
24 not exceed the projected net fiscal benefit to the state over a
25 period of ten years as determined by the department of economic
26 development.

27 5. (1) Any data storage center project seeking a tax
28 exemption under subsection 4 of this section shall submit a

1 notice of intent and a project plan to the department of economic
2 development which shall identify each known constructing taxpayer
3 and each known operating taxpayer for the project and include any
4 additional information the department of economic development may
5 reasonably require to determine eligibility for the exemption.
6 The department of economic development shall review the project
7 plan and determine whether the project is eligible for the
8 exemption under subsection 4 of this section, conditional upon
9 subsequent verification by the department that the project meets
10 the requirements in subsection 1 of this section for an expanding
11 facility project and the execution of the agreement specified in
12 subsection 6 of this section. The department shall make such
13 conditional determination within thirty days of submission by the
14 operating taxpayer. Failure of the department to respond within
15 thirty days shall result in a project plan being deemed
16 conditionally approved.

17 (2) The department of economic development shall convey
18 such conditional approval to the department of revenue and the
19 identified project taxpayers. After a conditional approved
20 facility has met the requirements in subsection 1 of this
21 section, the project taxpayers shall provide proof of the same to
22 the department of economic development. Upon verification of
23 such proof, the department of economic development shall certify
24 the project to the department of revenue as being eligible for
25 the exemption dating retroactively to the first day of the
26 expansion of the facility. The department of revenue, upon
27 receipt of adequate proof of the amount of sales taxes paid since
28 the first day of the expansion of the facility, shall issue a

1 refund of taxes paid but eligible for exemption under subsection
2 4 of this section to any applicable project taxpayer and issue a
3 certificate of exemption to any applicable project taxpayer for
4 ongoing exemptions under subsection 4 of this section. The
5 department of revenue shall issue such a refund within thirty
6 days of receipt of certification from the department of economic
7 development.

8 (3) Any project that does not meet the minimum investment
9 or new job requirements of subsection 1 of this section may still
10 be eligible for the exemption under subsection 4 of this section,
11 as long as the exemptions for such project plan do not exceed the
12 projected net fiscal benefit to the state over a period of ten
13 years.

14 (4) The commencement of the exemption period may be delayed
15 at the option of the operating taxpayer, but not more than
16 twenty-four months after the execution of the agreement required
17 under subsection 6 of this section.

18 6. (1) The exemptions in subsections 2 and 4 of this
19 section shall be tied to the new or expanding facility project.
20 A certificate of exemption in the hands of a taxpayer that is no
21 longer an operating or constructing taxpayer of the new or
22 expanding facility project shall be invalid as of the date the
23 taxpayer was no longer an operating or constructing taxpayer of
24 the new or expanding facility project. New certificates of
25 exemption shall be issued to successor constructing taxpayers and
26 operating taxpayers at such new or expanding facility projects.
27 The right to the exemption by successor taxpayers shall exist
28 without regard to subsequent levels of investment in the new or

1 expanding facility by successor taxpayers.

2 (2) As a condition of receiving an exemption under
3 subsection 2 or 4 of this section, the project taxpayers shall
4 enter into an agreement with the department of economic
5 development providing for repayment penalties in the event the
6 data storage center project fails to comply with any of the
7 requirements of this section.

8 (3) The department of revenue shall credit any amounts
9 remitted by the project taxpayers under this subsection to the
10 fund to which the sales and use taxes exempted would have
11 otherwise been credited.

12 7. The department of economic development and the
13 department of revenue shall cooperate in conducting random audits
14 to ensure that the intent of this section is followed.

15 8. Notwithstanding any other provision of law to the
16 contrary, no recipient of an exemption under this section shall
17 be eligible for benefits under any business recruitment tax
18 credit, as defined in section 135.800.

19 9. The department of economic development and the
20 department of revenue shall jointly prescribe such rules and
21 regulations necessary to carry out the provisions of this
22 section. Any rule or portion of a rule, as that term is defined
23 in section 536.010, that is created under the authority delegated
24 in this section shall become effective only if it complies with
25 and is subject to all of the provisions of chapter 536 and, if
26 applicable, section 536.028. This section and chapter 536 are
27 nonseverable and if any of the powers vested with the general
28 assembly under chapter 536 to review, to delay the effective

1 date, or to disapprove and annul a rule are subsequently held
2 unconstitutional, then the grant of rulemaking authority and any
3 rule proposed or adopted after August 28, 2014, shall be invalid
4 and void.

5 10. This section shall terminate on September 1, 2020. The
6 termination of this section shall not be construed to limit or in
7 any way impair the exemption for any project approved prior to
8 the termination of this section.

9 253.545. As used in sections 253.545 to 253.559, the
10 following terms mean, unless the context requires otherwise:

11 (1) "Certified historic structure", a property located in
12 Missouri and listed individually on the National Register of
13 Historic Places;

14 (2) "Deed in lieu of foreclosure or voluntary conveyance",
15 a transfer of title from a borrower to the lender to satisfy the
16 mortgage debt and avoid foreclosure;

17 (3) "Eligible property", property located in Missouri and
18 offered or used for residential or business purposes;

19 (4) "Leasehold interest", a lease in an eligible property
20 for a term of not less than thirty years;

21 (5) "Principal", a managing partner, general partner, or
22 president of a taxpayer;

23 (6) "Structure in a certified historic district", a
24 structure located in Missouri which is certified by the
25 department of natural resources as contributing to the historic
26 significance of a certified historic district listed on the
27 National Register of Historic Places, or a local district that
28 has been certified by the United States Department of the

1 Interior;

2 (7) "Taxpayer", any person, firm, partnership, trust,
3 estate, limited liability company, or corporation;

4 (8) "Total costs and expenses of rehabilitation", all costs
5 and expenses related to the rehabilitation of eligible property
6 that is a certified historic structure or a structure in a
7 certified historic district including, but not limited to,
8 qualified rehabilitation expenditures as defined in Section
9 47(c) (2) (A) of the Internal Revenue Code of 1986, as amended, and
10 any related regulations promulgated under such section. Such
11 costs and expenses shall include, but not be limited to,
12 rehabilitation work in progress, accrued developer fees, and
13 costs and expenses related to rehabilitation incurred at the
14 taxpayers own risk up to one year before the date of submission
15 of a preliminary application under section 253.559. Provided
16 however, that accrued developer fees shall only be considered
17 "total costs and expenses of rehabilitation" if an agreement or
18 other contractual document provides for the payment of such fees
19 within no more than six years of completion of the
20 rehabilitation.

21 253.550. 1. Any taxpayer incurring costs and expenses for
22 the rehabilitation of eligible property, which is a certified
23 historic structure or structure in a certified historic district,
24 [may] shall, subject to the provisions of this section and
25 section 253.559, receive a credit against the taxes imposed
26 pursuant to chapters 143 and 148, except for sections 143.191 to
27 143.265, on such taxpayer in an amount equal to twenty-five
28 percent of the total costs and expenses of rehabilitation

1 incurred after January 1, 1998, which shall include, but not be
2 limited to, qualified rehabilitation expenditures as defined
3 under section 47(c)(2)(A) of the Internal Revenue Code of 1986,
4 as amended, and the related regulations thereunder, provided the
5 rehabilitation costs associated with rehabilitation and the
6 expenses exceed fifty percent of the total basis in the property
7 and the rehabilitation meets standards consistent with the
8 standards of the Secretary of the United States Department of the
9 Interior for rehabilitation as determined by the state historic
10 preservation officer of the Missouri department of natural
11 resources. The department of economic development shall
12 determine the total costs and expenses of rehabilitation under
13 subsection 7 of section 253.559, but in no case shall such total
14 costs and expenses of rehabilitation be defined more narrowly
15 than qualified rehabilitation expenditures as defined in Section
16 47(c)(2)(A) of the Internal Revenue Code of 1986, as amended, and
17 any related regulations promulgated under such section, as
18 required by section 253.545.

19 2. During the period beginning on January 1, 2010, but
20 ending on or after June 30, 2010, the department of economic
21 development shall not approve applications for tax credits under
22 the provisions of subsections 3 and 8 of section 253.559 which,
23 in the aggregate, exceed seventy million dollars, increased by
24 any amount of tax credits for which approval shall be rescinded
25 under the provisions of section 253.559. For each fiscal year
26 beginning on or after July 1, 2010, but ending on or before June
27 30, 2015, the department of economic development shall not
28 approve applications for tax credits under the provisions of

1 subsections 3 and 8 of section 253.559 which, in the aggregate,
2 exceed one hundred forty million dollars, increased by any amount
3 of tax credits for which approval shall be rescinded under the
4 provisions of section 253.559. The limitations provided under
5 this subsection shall not apply to applications approved under
6 the provisions of subsection 3 of section 253.559 for projects to
7 receive less than two hundred seventy-five thousand dollars in
8 tax credits.

9 3. For all applications for tax credits approved on or
10 after January 1, 2010, but before July 1, 2015, no more than two
11 hundred fifty thousand dollars in tax credits may be issued for
12 eligible costs and expenses incurred in the rehabilitation of an
13 eligible property which is a nonincome producing single-family,
14 owner-occupied residential property and is either a certified
15 historic structure or a structure in a certified historic
16 district.

17 4. The limitations on tax credit authorization provided
18 under the provisions of subsections 2 and 3 of this section shall
19 not apply to:

20 (1) Any application submitted by a taxpayer, which has
21 received approval from the department prior to January 1, 2010;
22 or

23 (2) Any taxpayer applying for tax credits, provided under
24 this section, which, on or before January 1, 2010, has filed an
25 application with the department evidencing that such taxpayer:

26 (a) Has incurred costs and expenses for an eligible
27 property which exceed the lesser of five percent of the total
28 project costs or one million dollars and received an approved

1 Part I from the Secretary of the United States Department of
2 Interior; or

3 (b) Has received certification, by the state historic
4 preservation officer, that the rehabilitation plan meets the
5 standards consistent with the standards of the Secretary of the
6 United States Department of the Interior, and the rehabilitation
7 costs and expenses associated with such rehabilitation shall
8 exceed fifty percent of the total basis in the property.

9 5. For each fiscal year beginning on or after July 1, 2015,
10 the department of economic development shall not approve
11 applications for tax credits under the provisions of subsections
12 3 and 8 of section 253.559 which, in the aggregate, exceed ninety
13 million dollars, increased by any amount of tax credits for which
14 approval shall be rescinded under the provisions of section
15 253.559. The limitations provided under this subsection shall
16 not apply to applications approved under the provisions of
17 subsection 3 of section 253.559 for projects to receive less than
18 two hundred seventy-five thousand dollars in tax credits.

19 6. For all applications for tax credits approved on or
20 after July 1, 2015, no more than one hundred twenty-five thousand
21 dollars in tax credits may be issued for eligible costs and
22 expenses incurred in the rehabilitation of an eligible property
23 which is a nonincome producing single-family, owner-occupied
24 residential property and is either a certified historic structure
25 or a structure in a certified historic district.

26 7. In lieu of the limitations on tax credit authorization
27 provided under the provisions of subsections 5 and 6 of this
28 section, the limitations on tax credit authorization provided

1 under the provisions of subsections 2 and 3 of this section shall
2 apply to:

3 (1) Any application submitted by a taxpayer which has
4 received approval from the department prior to July 1, 2015; or

5 (2) Any application for tax credits provided under this
6 section for a project which on or before July 1, 2015:

7 (a) Received an approved Part I from the Secretary of the
8 United States Department of Interior and has incurred costs and
9 expenses for an eligible property which exceed the lesser of
10 fifteen percent of the total project costs or three million
11 dollars; or

12 (b) Has received certification by the state historic
13 preservation officer that the rehabilitation plan meets the
14 standards consistent with the standards of the Secretary of the
15 United States Department of the Interior, and the rehabilitation
16 costs and expenses associated with such rehabilitation would,
17 upon completion, be expected to exceed fifty percent of the total
18 basis in the property.

19 8. For each fiscal year beginning on or after July 1, 2015,
20 the department of economic development shall not approve
21 applications for projects to receive less than two hundred
22 seventy-five thousand dollars in tax credits which, in the
23 aggregate, exceed twenty million dollars, increased by any amount
24 of tax credits for which approval shall be rescinded under the
25 provisions of section 253.559. The limitations on tax credit
26 authorization provided under the provisions of this subsection
27 shall not apply to:

28 (1) Any application submitted by a taxpayer, which has

1 received approval from the department prior to the July 1, 2015;
2 or

3 (2) Any application for tax credits provided under this
4 section for a project, which on or before July 1, 2015:

5 (a) Received an approved Part I from the Secretary of the
6 United States Department of Interior and has incurred costs and
7 expenses for an eligible property which exceed five percent of
8 the total project costs; or

9 (b) Has received certification, by the state historic
10 preservation officer, that the rehabilitation plan meets the
11 standards consistent with the standards of the Secretary of the
12 United States Department of the Interior, and the rehabilitation
13 costs and expenses associated with such rehabilitation would,
14 upon completion, be expected to exceed fifty percent of the total
15 basis in the property.

16 253.557. 1. If the amount of such credit exceeds the total
17 tax liability for the year in which the rehabilitated property is
18 placed in service, the amount that exceeds the state tax
19 liability may be carried back to any of the three preceding years
20 and carried forward for credit against the taxes imposed pursuant
21 to chapter 143 and chapter 148, except for sections 143.191 to
22 143.265 for the succeeding ten years, or until the full credit is
23 used, whichever occurs first. Not-for-profit entities, including
24 but not limited to corporations organized as not-for-profit
25 corporations pursuant to chapter 355 shall be ineligible for the
26 tax credits authorized under sections 253.545 [through 253.561]
27 to 253.559. Any taxpayer that receives state tax credits under
28 the provisions of sections 135.350 to 135.363 for a project that

1 is not financed through tax exempt bonds issuance shall be
2 ineligible for the state tax credits authorized under sections
3 253.545 to 253.559 for the same project. Taxpayers eligible for

4 such tax credits may transfer, sell or assign the credits.
5 Credits granted to a partnership, a limited liability company
6 taxed as a partnership or multiple owners of property shall be
7 passed through to the partners, members or owners respectively
8 pro rata or pursuant to an executed agreement among the partners,
9 members or owners documenting an alternate distribution method.

10 2. The assignee of the tax credits, hereinafter the
11 assignee for purposes of this subsection, may use acquired
12 credits to offset up to one hundred percent of the tax
13 liabilities otherwise imposed pursuant to chapter 143 and chapter
14 148, except for sections 143.191 to 143.265. The assignor shall
15 perfect such transfer by notifying the department of economic
16 development in writing within thirty calendar days following the
17 effective date of the transfer and shall provide any information
18 as may be required by the department of economic development to
19 administer and carry out the provisions of this section.

20 253.559. 1. To obtain approval for tax credits allowed
21 under sections 253.545 to 253.559, a taxpayer shall submit an
22 application for tax credits to the department of economic
23 development. Each application for approval, including any
24 applications received for supplemental allocations of tax credits
25 as provided under subsection 8 of this section, shall be
26 prioritized for review and approval, in the order of the date on
27 which the application was postmarked, with the oldest postmarked
28 date receiving priority. Applications postmarked on the same day

1 shall go through a lottery process to determine the order in
2 which such applications shall be reviewed.

3 2. Each application shall be reviewed by the department of
4 economic development for approval. In order to receive approval,
5 an application, other than applications submitted under the
6 provisions of subsection 8 of this section, shall include:

7 (1) Proof of ownership or site control. Proof of ownership
8 shall include evidence that the taxpayer is the fee simple owner
9 of the eligible property, such as a warranty deed or a closing
10 statement. Proof of site control may be evidenced by a leasehold
11 interest or an option to acquire such an interest. If the
12 taxpayer is in the process of acquiring fee simple ownership,
13 proof of site control shall include an executed sales contract or
14 an executed option to purchase the eligible property;

15 (2) Floor plans of the existing structure, architectural
16 plans, and, where applicable, plans of the proposed alterations
17 to the structure, as well as proposed additions;

18 (3) The estimated cost of rehabilitation, the anticipated
19 total costs of the project, the actual basis of the property, as
20 shown by proof of actual acquisition costs, the anticipated total
21 labor costs, the estimated project start date, and the estimated
22 project completion date;

23 (4) Proof that the property is an eligible property and a
24 certified historic structure or a structure in a certified
25 historic district, or evidence that the taxpayer has submitted
26 the necessary documentation to qualify the property as an
27 eligible property and a certified historic structure or as a
28 structure in a certified historic district. A final

1 determination of such qualifications shall not be a prerequisite
2 for approval of the application or the incurrence of eligible
3 costs; and

4 (5) Any other information which the department of economic
5 development may reasonably require to review the project for
6 approval. Only the property for which a property address is
7 provided in the application shall be reviewed for approval. Once
8 selected for review, a taxpayer shall not be permitted to request
9 the review of another property for approval in the place of the
10 property contained in such application. Any disapproved
11 application shall be removed from the review process. If an
12 application is removed from the review process, the department of
13 economic development shall notify the taxpayer in writing of the
14 decision to remove such application. Disapproved applications
15 shall lose priority in the review process. A disapproved
16 application, which is removed from the review process, may be
17 resubmitted, but shall be deemed to be a new submission for
18 purposes of the priority procedures described in this section.

19 3. If the department of economic development deems the
20 application sufficient, the taxpayer shall be notified in writing
21 of the approval for an amount of tax credits equal to the amount
22 provided under section 253.550 less any amount of tax credits
23 previously approved. Such approvals shall be granted to
24 applications in the order of priority established under this
25 section and shall require full compliance thereafter with all
26 other requirements of law as a condition to any claim for such
27 credits. Notwithstanding any provision of law to the contrary, a
28 determination of the department of economic development, in

1 consultation with the department of natural resources, as to
2 whether the completed rehabilitation meets the standards of the
3 Secretary of the United States Department of the Interior for
4 rehabilitation as determined by the state historic preservation
5 officer of the department of natural resources under subsection 7
6 of this section, shall not be required for the department of
7 economic development to approve an application under this
8 subsection.

9 4. Following approval of an application, the identity of
10 the taxpayer contained in such application shall not be modified
11 except:

12 (1) The taxpayer may add partners, members, or shareholders
13 as part of the ownership structure, so long as the principal
14 remains the same, provided however, that subsequent to the
15 commencement of renovation and the expenditure of at least ten
16 percent of the proposed rehabilitation budget, removal of the
17 principal for failure to perform duties and the appointment of a
18 new principal thereafter shall not constitute a change of the
19 principal; or

20 (2) Where the ownership of the project is changed due to a
21 foreclosure, deed in lieu of a foreclosure or voluntary
22 conveyance, or a transfer in bankruptcy. Upon any such change in
23 ownership, the taxpayer contained in such application, or any
24 successor owner of the project, shall notify the department of
25 such change.

26 5. In the event that the department of economic development
27 grants approval for tax credits equal to the applicable total
28 amount available under subsection 2 or 5 of section 253.550, or

1 sufficient that when totaled with all other approvals, the
2 applicable amount available under subsection 2 or 5 of section
3 253.550 is exhausted, all taxpayers with applications then
4 awaiting approval or thereafter submitted for approval shall be
5 notified by the department of economic development that no
6 additional approvals shall be granted during the fiscal year and
7 shall be notified of the priority given to such taxpayer's
8 application then awaiting approval. Such applications shall be
9 kept on file by the department of economic development and shall
10 be considered for approval for tax credits in the order
11 established in this section in the event that additional credits
12 become available due to the rescission of approvals or when a new
13 fiscal year's allocation of credits becomes available for
14 approval.

15 6. All taxpayers with applications receiving approval on or
16 after the effective date of this act shall commence
17 rehabilitation within two years of the date of issuance of the
18 letter from the department of economic development granting the
19 approval for tax credits. "Commencement of rehabilitation" shall
20 mean that as of the date in which actual physical work,
21 contemplated by the architectural plans submitted with the
22 application, has begun, the taxpayer has incurred no less than
23 ten percent of the estimated costs of rehabilitation provided in
24 the application. Taxpayers with approval of a project shall
25 submit evidence of compliance with the provisions of this
26 subsection. If the department of economic development determines
27 that a taxpayer has failed to comply with the requirements
28 provided under this section, the approval for the amount of tax

1 credits for such taxpayer shall be rescinded and such amount of
2 tax credits shall then be included in the applicable total amount
3 of tax credits, provided under subsection 2 or 5 of section
4 253.550, from which approvals may be granted. Any taxpayer whose
5 approval shall be subject to rescission shall be notified of such
6 from the department of economic development and, upon receipt of
7 such notice, may submit a new application for the project.

8 7. To claim the credit authorized under sections 253.550 to
9 253.559, a taxpayer with approval shall apply for final approval
10 and issuance of tax credits from the department of economic
11 development ~~[which]~~. Such application for final approval and
12 issuance of tax credits shall include a cost and expense
13 certification prepared by a licensed certified public accountant
14 that is not an affiliate of the applicant certifying the total
15 costs and expenses of rehabilitation and the total amount of tax
16 credits for which such taxpayer is eligible under sections
17 253.550 to 253.559. Cost and expense certifications required
18 under this section shall separately state any accrued developer
19 fees. No later than forty-five calendar days following receipt
20 of a taxpayer's application for final approval and issuance of
21 tax credits, the department of economic development shall
22 determine, in consultation with the department of natural
23 resources, ~~[shall determine the final amount of eligible~~
24 ~~rehabilitation costs and expenses and]~~ whether the completed
25 rehabilitation meets the standards of the Secretary of the United
26 States Department of the Interior for rehabilitation ~~[as~~
27 ~~determined by the state historic preservation officer of the~~
28 Missouri department of natural resources]. If the completed

1 rehabilitation meets such standards, the department of economic
2 development shall within forty-five calendar days following the
3 receipt of the taxpayer's application for final approval and tax
4 credit issuance inform such taxpayer of its initial determination
5 by letter and issue such taxpayer an initial tax credit issuance.
6 A taxpayer receiving an initial tax credit issuance shall receive
7 tax credit certificates in an amount equal to the lesser of
8 seventy-five percent of the total amount of tax credits for which
9 the taxpayer is eligible under sections 253.550 to 253.559, as
10 certified in the cost and expense certification, or the amount of
11 tax credits approved for such project under subsection 3 of this
12 section. Within one hundred and twenty calendar days following
13 receipt of a taxpayer's application for final approval and tax
14 credit issuance, the department shall determine the final amount
15 of eligible rehabilitation costs and expenses. For a taxpayer
16 receiving an initial tax credit issuance, no later than one
17 hundred and twenty calendar days following receipt of such
18 taxpayer's application for final approval and tax credit
19 issuance, the department shall notify such taxpayer of its final
20 determination by letter and issue such taxpayer tax credit
21 certificates in an amount equal to the lesser of the remaining
22 amount of tax credits for which such taxpayer is eligible to
23 receive under sections 253.550 to 253.559, as determined by the
24 department, or the remaining amount of tax credits for which such
25 taxpayer was approved under subsection 3 of this section but not
26 issued under the initial tax credit issuance. If the department
27 of economic development determines that the amount of tax credits
28 issued to a taxpayer in the initial tax credit issuance is in

1 excess of the total amount of tax credits such taxpayer is
2 eligible to receive under sections 253.550 to 253.559, the
3 department shall notify such taxpayer and such taxpayer shall
4 repay the state an amount equal to such excess. For financial
5 institutions credits authorized pursuant to sections 253.550 to
6 ~~[253.561]~~ 253.559 shall be deemed to be economic development
7 credits for purposes of section 148.064. The approval of all
8 applications and the issuing of certificates of eligible credits
9 to taxpayers shall be performed by the department of economic
10 development. [The department of economic development shall
11 inform a taxpayer of final approval by letter and shall issue, to
12 the taxpayer, tax credit certificates.] The taxpayer shall
13 attach the certificate to all Missouri income tax returns on
14 which the credit is claimed. Taxpayers which receive tax credit
15 certificates under sections 253.550 to 253.559, attributable to
16 accrued developer fees shall, within six years of completion of
17 rehabilitation, submit an additional cost and expense
18 certification verifying the total amount of developer fees
19 actually accrued and paid. To the extent the amount of developer
20 fees contained in a taxpayer's cost and expense certification
21 included with such taxpayers application for final approval and
22 tax credit issuance exceeds the amount of developer fees actually
23 accrued and paid, as evidenced by the additional cost and expense
24 certification, such taxpayer shall repay to the state an amount
25 equal to twenty-five percent of such excess.

26 8. Except as expressly provided in this subsection, tax
27 credit certificates shall be issued in the final year that costs
28 and expenses of rehabilitation of the project are incurred, or

1 within the twelve-month period immediately following the
2 conclusion of such rehabilitation. In the event the amount of
3 eligible rehabilitation costs and expenses incurred by a taxpayer
4 would result in the issuance of an amount of tax credits in
5 excess of the amount provided under such taxpayer's approval
6 granted under subsection 3 of this section, such taxpayer may
7 apply to the department for issuance of tax credits in an amount
8 equal to such excess. Applications for issuance of tax credits
9 in excess of the amount provided under a taxpayer's application
10 shall be made on a form prescribed by the department and shall be
11 substantially in the form of the department of economic
12 development form titled "Historic Preservation Tax Credit Program
13 - Request for Additional Credits" in effect by the effective date
14 of this act. Such applications shall be subject to all
15 provisions regarding priority provided under subsection 1 of this
16 section.

17 9. The department of economic development shall determine,
18 on an annual basis, the overall economic impact to the state from
19 the rehabilitation of eligible property.

20 10. (1) Taxpayers or duly authorized representatives may
21 appeal any official decision, including all preliminary or final
22 approvals and denials of approvals, made by the department or the
23 department of natural resources with regard to an application
24 submitted under sections 253.550 to 253.559 to an independent
25 third-party appeals officer designated by the department within
26 fourteen days of receipt of the appeal by the department. Such
27 appeals under this section shall constitute an administrative
28 review of the decision from which appealed and shall not be

1 conducted as an adjudicative proceeding.

2 (2) Appeals shall be submitted to the designated appeals
3 officer in writing within thirty days of receipt by the taxpayer
4 or the taxpayer's duly authorized representative of the decision
5 that is the subject of the appeal and shall include all
6 information the appellant wishes the appeals officer to consider
7 in deciding the appeal.

8 (3) Within fourteen days of receipt of an appeal, the
9 appeals officer shall notify the department or the department of
10 natural resources that an appeal is pending, identify the
11 decision being appealed, and forward a copy of the information
12 submitted by the appellant. The department or the department of
13 natural resources may submit a written response to the appeal
14 within thirty days.

15 (4) The appellant shall be entitled to one meeting with the
16 appeals officer to discuss the appeal, but the appeals officer
17 may schedule additional meetings at the officer's discretion.
18 The department or the department of natural resources may appear
19 at all meetings.

20 (5) The appeals officer shall consider the record of the
21 decision in question, any further written submissions by the
22 appellant, the department or the department of natural resources,
23 and other available information and shall deliver a written
24 decision to all parties as promptly as circumstances permit, but
25 not later than ninety days after the initial receipt of an appeal
26 by the appeals officer.

27 11. By no later than January 1, 2015, the department shall
28 propose rules to implement the provisions of sections 253.550 to

1 253.559. Prior to proposing such rules, the department shall
2 conduct a stakeholder process designed to solicit input from
3 interested parties. Any rule or portion of a rule, as that term
4 is defined in section 536.010, that is created under the
5 authority delegated herein shall become effective only if it
6 complies with and is subject to all of the provisions of chapter
7 536 and, if applicable, section 536.028. This section and
8 chapter 536 are nonseverable and if any of the powers vested with
9 the general assembly under chapter 536 to review, to delay the
10 effective date, or to disapprove and annul a rule are
11 subsequently held unconstitutional, then the grant of rulemaking
12 authority and any rule proposed or adopted after August 28, 2014,
13 shall be invalid and void.

14 348.273. 1. This section and section 348.274 shall be
15 known and may be cited as the "Missouri Angel Investment
16 Incentive Act" and referred to herein as the "act."

17 2. As used in this section and section 348.274, the
18 following terms mean:

19 (1) "Cash investment", money or money equivalent
20 contribution;

21 (2) "Department", the department of economic development;

22 (3) "Investor":

23 (a) A natural person who is an accredited investor as
24 defined in 17 CFR 230.501(a) (5) or 230.501(a) (6), as in effect on
25 August 28, 2014;

26 (b) A permitted entity investor who is an accredited
27 investor as defined in 17 CFR 230.501(a) (8), as in effect on
28 August 28, 2014; or

1 (c) A natural person or permitted entity investor making an
2 investment who qualifies under the Jumpstart Our Business
3 Startups (JOBS) Act, Pub.L.No. 112-106, as in effect on August
4 28, 2014.

5
6 The term "investor" shall not include any person who serves as an
7 executive, officer, or employee of the business in which an
8 otherwise qualified cash investment is made, and such person
9 shall not qualify for the issuance of tax credits for such
10 investment, provided, however, an investor who serves solely as a
11 director may qualify for the issuance of tax credits;

12 (4) "Missouri innovation center", a Missouri center
13 established under section 348.271 may provide assistance to
14 technology-based business ventures;

15 (5) "MTC", the Missouri technology corporation, established
16 under section 348.250;

17 (6) "Owner", any natural person who is, directly or
18 indirectly, a partner, stockholder, or member in a permitted
19 entity investor;

20 (7) "Permitted entity investor", any general partnership,
21 limited partnership, corporation that has in effect a valid
22 election to be taxed as an S corporation under the Internal
23 Revenue Code of 1986, as amended, revocable living trust,
24 nonprofit corporation, or limited liability company that has
25 elected to be taxed as a partnership under the United States
26 Internal Revenue Code of 1986, as amended, and that was
27 established and is operated for the purpose of making investments
28 in other entities;

1 (8) "Qualified knowledge-based company", a company engaged
2 in the research, development, implementation, and
3 commercialization of innovative technologies, products, and
4 services for use in the commercial marketplace;

5 (9) "Qualified Missouri business", a Missouri business that
6 is approved and certified as a qualified knowledge-based company
7 by the MTC that meets at least one of the following criteria:

8 (a) Any business owned by an individual;

9 (b) Any partnership, association, or corporation domiciled
10 in Missouri; or

11 (c) Any corporation, even if a wholly owned subsidiary of a
12 foreign corporation, that has its business operations located
13 primarily in Missouri or does substantially all of such
14 business's production in Missouri;

15 (10) "Qualified securities", a cash investment through any
16 one or more forms of financial assistance as provided in this
17 subdivision and that has been approved in form and substance by
18 the MTC, in coordination with the department by and through its
19 service on the MTC board of directors. Forms of such financial
20 assistance include any form of equity, such as:

21 (a) A general or limited partnership interest;

22 (b) Common stock;

23 (c) Preferred stock, with or without voting rights, without
24 regard to seniority position, and whether or not convertible into
25 common stock; or

26 (d) Any form of subordinate or convertible debt, or both,
27 with warrants or other means of equity conversion attached.

28 (11) "Tax credit", a credit against the tax otherwise due

1 under chapter 143, excluding withholding tax imposed by sections
2 143.191 to 143.265.

3 3. The primary goal of the Missouri angel investment
4 incentive act shall be to encourage individuals to provide
5 early-stage financing for emerging qualified knowledge-based
6 companies in Missouri through the issuance of tax credits to
7 qualified investors who make cash investments for such
8 early-stage financing.

9 4. (1) For all taxable years beginning on or after January
10 1, 2014, a tax credit shall be allowed for an investor's cash
11 investment in the qualified securities of a qualified Missouri
12 business occurring on or after August 28, 2014. The credit shall
13 be in a total amount equal to fifty percent of such investor's
14 cash investment in any qualified Missouri business, subject to
15 the limitations set forth in this subsection. If the amount by
16 which that portion of the credit allowed by this section exceeds
17 the investor's tax liability in any one taxable year, the
18 remaining portion of the credit may be carried forward five years
19 or until the total amount of the credit is used, whichever occurs
20 first. If the investor is a permitted entity investor, the
21 credit provided by this section shall be claimed by the owners of
22 the permitted entity investor in proportion to their equity
23 investment in the permitted entity investor.

24 (2) A cash investment in a qualified security shall be
25 deemed to have been made on the date of acquisition of the
26 qualified security, as such date is determined in accordance with
27 the provisions of the Internal Revenue Code of 1986, as amended.

28 (3) The department and the MTC shall not allow more than a

1 total of fifty thousand dollars in tax credits in a single year
2 per investor for each qualified Missouri business or a total of
3 two hundred fifty thousand dollars in tax credits for a single
4 year per investor. No tax credits authorized by this section and
5 section 348.274 shall be allowed for any cash investments in
6 qualified securities made in any year beginning after December
7 31, 2024. The total amount of tax credits which may be allowed
8 under this section shall not exceed six million dollars during
9 the 2014 tax year and each tax year thereafter. The balance of
10 unissued tax credits may be carried over for issuance in future
11 years until December 31, 2024.

12 (4) At the beginning of each calendar year, the MTC shall
13 equally designate the total tax credits available during that
14 calendar year to each region. At the beginning of each calendar
15 quarter, the MTC shall make available one-fourth of the total
16 annual tax credits for each region for investments made in
17 qualified Missouri businesses located in each such region. As
18 soon as practicable at the end of each calendar quarter, the MTC
19 shall prepare and issue a report to the director of the
20 department designating all tax credit awards for that quarter, so
21 that the department may issue such tax credits in accordance with
22 the provisions of this act.

23 (5) Notwithstanding subsection (4) above, any unissued tax
24 credits allocated to any region for any quarter may be
25 reallocated and awarded in any other region in a following
26 quarter, provided however, in the fourth quarter any unissued tax
27 credits may be reallocated and awarded in that quarter in
28 accordance with this section.

1 5. (1) Before an investor may be entitled to receive tax
2 credits under this section and section 348.274, such investor
3 shall have made a cash investment in a qualified security of a
4 qualified Missouri business. The business shall have been
5 approved as a qualified Missouri business before the date on
6 which the cash investment was made. To be designated as a
7 qualified Missouri business, a business shall apply to MTC.

8 (2) The application by a business shall be in the form and
9 substance as required by the MTC, in coordination with the
10 department by and through its service on the MTC board of
11 directors, but shall include at least the following:

12 (a) The name of the business and certified copies of the
13 organizational documents of the business;

14 (b) A business plan, including a description of the
15 business and the management, product, market, and financial plan
16 of the business;

17 (c) A statement of the potential economic impact of the
18 business, including the number, location, and types of jobs
19 expected to be created;

20 (d) A description of the qualified securities to be issued,
21 the consideration to be paid for the qualified securities, and
22 the amount of any tax credits requested;

23 (e) A statement of the amount, timing, and projected use of
24 the proceeds to be raised from the proposed sale of qualified
25 securities; and

26 (f) Such other information as may be reasonably requested.

27 (3) The designation of a business as a qualified Missouri
28 business shall be made by the MTC, and such designation shall be

1 renewed annually. A business shall be so designated if the MTC
2 determines, based upon the application submitted by the business
3 and any additional information provided in connection with such
4 application, that such business meets the established criteria,
5 which shall include at least the following:

6 (a) The business shall not have had annual gross revenues
7 of more than five million dollars in the most recent tax year of
8 the business;

9 (b) Businesses that are not deemed to be bioscience
10 businesses shall have been in operation for less than five years,
11 and businesses determined to be bioscience businesses shall have
12 been in operation for less than ten years;

13 (c) The ability of investors in the business to receive tax
14 credits for cash investments in qualified securities of the
15 business is beneficial to advancing the goals of this act;

16 (d) The business shall not have ownership interests
17 including, but not limited to, common or preferred shares of
18 stock that can be traded via a public stock exchange before the
19 date that a qualifying investment is made;

20 (e) The business shall not be engaged primarily in any one
21 or more of the following enterprises:

22 a. The business of banking, savings and loan or lending
23 institutions, credit or finance, or financial brokerage or
24 investments;

25 b. The provision of professional services, such as legal,
26 accounting, or engineering services, provided, however, that
27 contract research organizations, sometimes referred to as CROs,
28 shall not be subject to this exclusion;

1 c. Governmental, charitable, religious, or trade
2 organizations;

3 d. The ownership, development brokerage, sales, or leasing
4 of real estate;

5 e. Insurance;

6 f. Construction, construction management, or contracting;

7 g. Business consulting or brokerage;

8 h. Any business engaged primarily as a passive business,
9 having irregular or noncontiguous operations, or deriving
10 substantially all of the income of the business from passive
11 investments that generate interest, dividends, royalties, or
12 capital gains, or any business arrangements the effect of which
13 is to immunize an investor from risk of loss;

14 i. Any activity that is in violation of the law;

15 j. Any business raising money primarily to purchase real
16 estate, land, or fixtures; and

17 k. Any gambling-related business;

18 (f) The business has a reasonable chance of success;

19 (g) The business has the reasonable potential to create
20 measurable employment within the region, this state, or both;

21 (h) The business is based on an innovative technology,
22 product, or service designed to be used in the commercial
23 marketplace;

24 (i) The existing owners of the business and other founders
25 have made or are committed to make a substantial financial and/or
26 time commitment to the business;

27 (j) The securities to be issued and purchased are qualified
28 securities;

1 (k) The business has the reasonable potential to address
2 the needs and opportunities specific to the region, this state,
3 or both;

4 (l) The business has made binding commitments to MTC for
5 adequate reporting of financial data, including a requirement for
6 an annual report, or, if required, an annual audit of the
7 financial and operational records of the business, the right of
8 access to the financial records of the business, the right of the
9 department and MTC to record and publish normal and customary
10 data and information related to the issuance of tax credits that
11 are not otherwise determined to be trade or business secrets, and
12 other such protections as may be in the best interest of Missouri
13 taxpayers to achieve the goals of this act;

14 (m) The business shall satisfy all other requirements of
15 this act; and

16 (n) This section and all referenced sections herein are
17 subject to the provisions of section 196.1127.

18 (4) A qualified Missouri business shall have the burden of
19 proof to demonstrate the qualifications of the business under
20 this section.

21 348.274. 1. (1) The MTC is authorized to allocate tax
22 credits to qualified Missouri businesses, and the department is
23 authorized to issue tax credits to qualified investors in such
24 qualified Missouri businesses. Such tax credits shall be
25 allocated to those qualified Missouri businesses which, as
26 determined by MTC, are most likely to provide the greatest
27 economic benefit to the region or the state, or both. The MTC
28 may allocate, and the department may issue, whole or partial tax

1 credits in accordance with the report issued to the director of
2 the department based on MTC's assessment of the qualified
3 Missouri businesses. The MTC may consider numerous factors in
4 such assessment including, but not limited to, the quality and
5 experience of the management team, the size of the estimated
6 market opportunity, the risk from current or future competition,
7 the ability to defend intellectual property, the quality and
8 utility of the business model, and the quality and reasonableness
9 of financial projections for the business.

10 (2) Each qualified Missouri business, for which the MTC has
11 allocated tax credits such that the department can issue tax
12 credits to the qualified investors of such qualified Missouri
13 business, shall submit to the MTC a report before such tax
14 credits are issued. Such report shall include the following:

15 (a) The name, address, and taxpayer identification number
16 of each investor who has made cash investment in the qualified
17 securities of the qualified Missouri business;

18 (b) Proof of such investment, including copies of the
19 securities' purchase agreements and cancelled checks or wire
20 transfer receipts; and

21 (c) Such other information as may be reasonably required
22 under this act.

23 2. (1) The state of Missouri shall not be held liable for
24 any damages to any investor that makes an investment in any
25 qualified security of a qualified Missouri business, any business
26 that applies to be designated as a qualified Missouri business
27 and is turned down, or any investor that makes an investment in a
28 business that applies to be designated as a qualified Missouri

1 business and is turned down.

2 (2) Each qualified Missouri business shall have the
3 obligation to notify the MTC, which shall notify the director of
4 the department, of any changes in the qualifications of the
5 business or in the eligibility of investors to claim a tax credit
6 for cash investment in a qualified security.

7 (3) The director of the department, in cooperation with
8 MTC, shall provide the information specified in subdivision (3)
9 of subsection 4 of this section to the director of the department
10 of revenue on an annual basis. The MTC shall conduct an annual
11 review of the activities undertaken under this section and
12 section 348.273 to ensure that tax credits issued under this
13 section and section 348.273 are issued in compliance with the
14 provisions of this section and section 348.273 or rules and
15 regulations promulgated by the MTC or the department with respect
16 to this section and section 348.273. The reasonable costs of the
17 annual review and other administrative work necessary or
18 convenient to carry out the provisions of this act shall be
19 recovered by the MTC according to a reasonable fee schedule
20 adopted by the MTC in cooperation with the department by and
21 through its service on the MTC board of directors.

22 (4) If the MTC determines that a business is not in
23 substantial compliance with the requirements of this section and
24 section 348.273 to maintain its designation, the department or
25 MTC, by written notice, may inform the business that such
26 business will lose its designation as a qualified Missouri
27 business one hundred twenty days from the date of mailing of the
28 notice unless such business corrects the deficiencies and is once

1 again in compliance with the requirements for designation.

2 (5) At the end of the one hundred twenty-day period, if the
3 qualified Missouri business is still not in substantial
4 compliance, the department or MTC may send a notice of loss of
5 designation to the business, the director of the department of
6 revenue, and to all known investors in the business.

7 (6) A business may lose its designation as a qualified
8 Missouri business under this section and section 348.273 by
9 moving either its headquarters outside of Missouri or a
10 substantial number of the jobs created in Missouri to a location
11 outside Missouri, within ten years after receiving financial
12 assistance under this section and section 348.273.

13 (7) In the event that a business loses its designation as a
14 qualified Missouri business, such business shall be precluded
15 from being issued any additional tax credits with respect to the
16 business, shall be precluded from being approved as a qualified
17 Missouri business, and shall be subject to an appropriate
18 clawback provision that MTC, in cooperation with department by
19 and through its service on the MTC board of directors, provides
20 for in connection with the administration of this act.

21 (8) Investors in a qualified Missouri business shall be
22 entitled to keep all of the tax credits properly issued to such
23 investors under this section and section 348.273.

24 (9) The portions of documents and other materials submitted
25 to the department or MTC that contain confidential information
26 shall be kept confidential and shall be maintained in a secured
27 environment. For the purposes of this section and section
28 348.273, confidential information may include, but not be limited

1 to, such portions of trade secrets, documents, any customer
2 lists, and other materials; any formula, compound, production
3 data, or compilation of information that will allow certain
4 individuals within a commercial concern using such portions of
5 documents and other material the means to fabricate, produce, or
6 compound an article of trade; or any service having commercial
7 value which gives the user an opportunity to obtain a business
8 advantage over competitors who do not know or use such service.

9 (10) The department and MTC may prepare and adopt
10 procedures, rules, and publish guidelines concerning the
11 performance of the duties placed upon each respective entity by
12 this section and section 348.273.

13 3. Any qualified investor who makes a cash investment in a
14 qualified security of a qualified Missouri business may transfer
15 the tax credits such qualified investor may receive under
16 subsection 4 of section 348.273 to any natural person. Such
17 transferee may claim the tax credit against the transferee's
18 Missouri income tax liability as provided in subdivision (1) of
19 subsection 4 of section 348.273, subject to all restrictions and
20 limitations set forth in this section and section 348.273. Only
21 the full credit for any one investment shall be transferred and
22 this interest shall only be transferred one time. Documentation
23 of any tax credit transfer under this section shall be provided
24 by the qualified investor in the manner established by MTC and
25 the department, by and through its service on the MTC board of
26 directors.

27 4. (1) Each qualified Missouri business for which tax
28 credits have been issued under this section and section 348.273

1 shall report to MTC on an annual basis, on or before February
2 first. MTC shall provide copies of the reports to the department
3 under appropriate confidentiality agreements as may be necessary
4 under the circumstances. Such reports shall include the
5 following:

6 (a) The name, address, and taxpayer identification number
7 of each investor who has made a cash investment in the qualified
8 securities of the qualified Missouri business and has received
9 tax credits for this investment during the preceding year;

10 (b) The amounts of cash investments by each investor and a
11 description of the qualified securities issued in consideration
12 of such cash investments; and

13 (c) Such other information as may be reasonably required
14 under this act.

15 (2) The MTC shall report quarterly to the director of the
16 department on the allocation of the tax credits in the preceding
17 calendar quarter. Such reports shall include:

18 (a) The amount of applications received;

19 (b) The number and ratio of successful applications to
20 unsuccessful applications;

21 (c) The amount of tax credits allocated but not issued in
22 the previous quarter, including what percentage was allocated to
23 individuals and what percentage was allocated to investment
24 firms; and

25 (d) Such other information as reasonably agreed upon from
26 time to time.

27 (3) The MTC and the department, as applicable, shall also
28 report annually to the governor; the director of the department

1 of economic development; the president pro tem of the senate; and
2 the speaker of the house of representatives, on or before April
3 first, on the allocation and issuance of the tax credits. Such
4 reports shall include:

5 (a) The amount of tax credits issued in the previous fiscal
6 year, including what percentage was issued to individuals and
7 what percentage was issued to investment firms;

8 (b) The types of businesses that benefitted from the tax
9 credits;

10 (c) The amount of allocated but unissued tax credits and
11 the information about the unissued tax credits set forth in
12 subdivision (2) of this subsection;

13 (d) Any aggregate job creation or capital investment in the
14 region that resulted from the use of the tax credits for a period
15 of five years beginning from the date on which the tax credits
16 were awarded;

17 (e) The manner in which the purpose of this section and
18 section 348.273 has been carried out with regard to a region;

19 (f) The total cash investments made for the purchase of
20 qualified securities of qualified Missouri businesses within each
21 region during the preceding year and cumulatively since the
22 effective date of this section and section 348.273;

23 (g) An estimate of jobs created and jobs preserved by cash
24 investments made in qualified Missouri businesses within each
25 region;

26 (h) An estimate of the multiplier effect on the economy of
27 each region of the cash investments made under this section and
28 section 348.273;

1 (i) Information regarding what businesses deriving benefits
2 from the tax credits remained in the region, what businesses
3 ceased business, what businesses were purchased, and what
4 businesses may have moved out of a region or the state.

5 (4) Any violation of the reporting requirements of this
6 subsection by a qualified Missouri business may be grounds for
7 the loss of designation of such qualified Missouri business, and
8 any such business that loses its designation as a qualified
9 Missouri business shall be subject to the restrictions upon loss
10 of designation set forth in subsection 2 of this section.

11 5. Sections 348.273 and 348.274 shall expire on December
12 31, 2024.