

SENATE SUBSTITUTE  
FOR  
SENATE COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 590

AN ACT

To repeal sections 253.545, 253.550, and 253.559, RSMo, and to enact in lieu thereof three new sections relating to historic buildings, with an emergency clause.

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

1           Section A. Sections 253.545, 253.550, and 253.559, RSMo,  
2 are repealed and three new sections enacted in lieu thereof, to  
3 be known as sections 253.545, 253.550, and 253.559, to read as  
4 follows:

5           253.545. As used in sections 253.545 to 253.559, the  
6 following terms mean, unless the context requires otherwise:

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

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

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

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

1 (5) "Principal", a managing partner, general partner, or  
2 president of a taxpayer;

3 (6) "Projected net fiscal benefit", the total net fiscal  
4 benefit to the state or municipality, less any state or local  
5 benefits offered to the taxpayer for a project, as determined by  
6 the department of economic development;

7 (7) "Structure in a certified historic district", a  
8 structure located in Missouri which is certified by the  
9 department of natural resources as contributing to the historic  
10 significance of a certified historic district listed on the  
11 National Register of Historic Places, or a local district that  
12 has been certified by the United States Department of the  
13 Interior;

14 [(7)] (8) "Taxpayer", any person, firm, partnership, trust,  
15 estate, limited liability company, or corporation.

16 253.550. 1. Any taxpayer incurring costs and expenses for  
17 the rehabilitation of eligible property, which is a certified  
18 historic structure or structure in a certified historic district,  
19 may, subject to the provisions of this section and section  
20 253.559, receive a credit against the taxes imposed pursuant to  
21 chapters 143 and 148, except for sections 143.191 to 143.265, on  
22 such taxpayer in an amount equal to twenty-five percent of the  
23 total costs and expenses of rehabilitation incurred after January  
24 1, 1998, which shall include, but not be limited to, qualified  
25 rehabilitation expenditures as defined under section 47(c)(2)(A)  
26 of the Internal Revenue Code of 1986, as amended, and the related  
27 regulations thereunder, provided the rehabilitation costs  
28 associated with rehabilitation and the expenses exceed fifty

1 percent of the total basis in the property and the rehabilitation  
2 meets standards consistent with the standards of the Secretary of  
3 the United States Department of the Interior for rehabilitation  
4 as determined by the state historic preservation officer of the  
5 Missouri department of natural resources.

6 2. During the period beginning on January 1, 2010, but  
7 ending on or after June 30, 2010, the department of economic  
8 development shall not approve applications for tax credits under  
9 the provisions of subsections [3] 4 and [8] 9 of section 253.559  
10 which, in the aggregate, exceed seventy million dollars,  
11 increased by any amount of tax credits for which approval shall  
12 be rescinded under the provisions of section 253.559. For each  
13 fiscal year beginning on or after July 1, 2010, but ending before  
14 June 30, 2018, the department of economic development shall not  
15 approve applications for tax credits under the provisions of  
16 subsections [3] 4 and [8] 9 of section 253.559 which, in the  
17 aggregate, exceed one hundred forty million dollars, increased by  
18 any amount of tax credits for which approval shall be rescinded  
19 under the provisions of section 253.559. For each fiscal year  
20 beginning on or after July 1, 2018, the department of economic  
21 development shall not approve applications for tax credits under  
22 the provisions of subsections 4 and 9 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. The limitations  
26 provided under this subsection shall not apply to applications  
27 approved under the provisions of subsection [3] 4 of section  
28 253.559 for projects to receive less than two hundred

1 seventy-five thousand dollars in tax credits.

2 3. For all applications for tax credits approved on or  
3 after January 1, 2010, no more than two hundred fifty thousand  
4 dollars in tax credits may be issued for eligible costs and  
5 expenses incurred in the rehabilitation of an eligible property  
6 which is a nonincome producing single-family, owner-occupied  
7 residential property and is either a certified historic structure  
8 or a structure in a certified historic district.

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

12 (1) Any application submitted by a taxpayer, which has  
13 received approval from the department prior to January 1, 2010;  
14 or

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

18 (a) Has incurred costs and expenses for an eligible  
19 property which exceed the lesser of five percent of the total  
20 project costs or one million dollars and received an approved  
21 Part I from the Secretary of the United States Department of  
22 Interior; or

23 (b) Has received certification, by the state historic  
24 preservation officer, that the rehabilitation plan meets the  
25 standards consistent with the standards of the Secretary of the  
26 United States Department of the Interior, and the rehabilitation  
27 costs and expenses associated with such rehabilitation shall  
28 exceed fifty percent of the total basis in the property.

1           253.559. 1. To obtain approval for tax credits allowed  
2 under sections 253.545 to 253.559, a taxpayer shall submit an  
3 application for tax credits to the department of economic  
4 development. Each application for approval, including any  
5 applications received for supplemental allocations of tax credits  
6 as provided under subsection 8 of this section, shall be  
7 prioritized for review and approval, in the order of the date on  
8 which the application was postmarked, with the oldest postmarked  
9 date receiving priority. Applications postmarked on the same day  
10 shall go through a lottery process to determine the order in  
11 which such applications shall be reviewed.

12           2. Each application shall be reviewed by the department of  
13 economic development for approval. In order to receive approval,  
14 an application, other than applications submitted under the  
15 provisions of subsection [8] 9 of this section, shall include:

16           (1) Proof of ownership or site control. Proof of ownership  
17 shall include evidence that the taxpayer is the fee simple owner  
18 of the eligible property, such as a warranty deed or a closing  
19 statement. Proof of site control may be evidenced by a leasehold  
20 interest or an option to acquire such an interest. If the  
21 taxpayer is in the process of acquiring fee simple ownership,  
22 proof of site control shall include an executed sales contract or  
23 an executed option to purchase the eligible property;

24           (2) Floor plans of the existing structure, architectural  
25 plans, and, where applicable, plans of the proposed alterations  
26 to the structure, as well as proposed additions;

27           (3) The estimated cost of rehabilitation, the anticipated  
28 total costs of the project, the actual basis of the property, as

1 shown by proof of actual acquisition costs, the anticipated total  
2 labor costs, the estimated project start date, and the estimated  
3 project completion date;

4 (4) Proof that the property is an eligible property and a  
5 certified historic structure or a structure in a certified  
6 historic district; [and]

7 (5) Proof of committed and unconditional financing. For  
8 purposes of this subdivision, the term "unconditional financing"  
9 shall not include conditions upon financing which are commonly  
10 imposed under generally accepted underwriting principals;

11 (6) A copy of all land use and building approvals  
12 reasonably necessary for the commencement of the project; and

13 (7) Any other information which the department of economic  
14 development may reasonably require to review the project for  
15 approval.

16  
17 Only the property for which a property address is provided in the  
18 application shall be reviewed for approval. Once selected for  
19 review, a taxpayer shall not be permitted to request the review  
20 of another property for approval in the place of the property  
21 contained in such application. Any disapproved application shall  
22 be removed from the review process. If an application is removed  
23 from the review process, the department of economic development  
24 shall notify the taxpayer in writing of the decision to remove  
25 such application. Disapproved applications shall lose priority  
26 in the review process. A disapproved application, which is  
27 removed from the review process, may be resubmitted, but shall be  
28 deemed to be a new submission for purposes of the priority

1 procedures described in this section.

2 3. In evaluating an application for tax credits submitted  
3 under this section, the department of economic development shall  
4 also consider:

5 (1) The amount of projected net fiscal benefit of the  
6 project to the state and local municipality, and the period in  
7 which the state and municipality would realize such net fiscal  
8 benefit;

9 (2) The overall size and quality of the proposed project,  
10 including the estimated number of new jobs to be created by the  
11 project, the potential multiplier effect of the project, and  
12 similar factors;

13 (3) The level of economic distress in the area; and

14 (4) Input from the local municipality in which the proposed  
15 project is located as to the importance of the proposed project  
16 to the municipality.

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

1           [4.] 5. Following approval of an application, the identity  
2 of the taxpayer contained in such application shall not be  
3 modified except:

4           (1) The taxpayer may add partners, members, or shareholders  
5 as part of the ownership structure, so long as the principal  
6 remains the same, provided however, that subsequent to the  
7 commencement of renovation and the expenditure of at least ten  
8 percent of the proposed rehabilitation budget, removal of the  
9 principal for failure to perform duties and the appointment of a  
10 new principal thereafter shall not constitute a change of the  
11 principal; or

12           (2) Where the ownership of the project is changed due to a  
13 foreclosure, deed in lieu of a foreclosure or voluntary  
14 conveyance, or a transfer in bankruptcy.

15           [5.] 6. In the event that the department of economic  
16 development grants approval for tax credits equal to the total  
17 amount available under subsection 2 of section 253.550, or  
18 sufficient that when totaled with all other approvals, the amount  
19 available under subsection 2 of section 253.550 is exhausted, all  
20 taxpayers with applications then awaiting approval or thereafter  
21 submitted for approval shall be notified by the department of  
22 economic development that no additional approvals shall be  
23 granted during the fiscal year and shall be notified of the  
24 priority given to such taxpayer's application then awaiting  
25 approval. Such applications shall be kept on file by the  
26 department of economic development and shall be considered for  
27 approval for tax credits in the order established in this section  
28 in the event that additional credits become available due to the



1 rescission of approvals or when a new fiscal year's allocation of  
2 credits becomes available for approval.

3 [6.] 7. All taxpayers with applications receiving approval  
4 on or after the effective date of this act shall commence  
5 rehabilitation within [~~two years~~] nine months of the date of  
6 issuance of the letter from the department of economic  
7 development granting the approval for tax credits. "Commencement  
8 of rehabilitation" shall mean that as of the date in which actual  
9 physical work, contemplated by the architectural plans submitted  
10 with the application, has begun, the taxpayer has incurred no  
11 less than ten percent of the estimated costs of rehabilitation  
12 provided in the application. Taxpayers with approval of a  
13 project shall submit evidence of compliance with the provisions  
14 of this subsection. If the department of economic development  
15 determines that a taxpayer has failed to comply with the  
16 requirements provided under this section, the approval for the  
17 amount of tax credits for such taxpayer shall be rescinded and  
18 such amount of tax credits shall then be included in the total  
19 amount of tax credits, provided under subsection 2 of section  
20 253.550, from which approvals may be granted. Any taxpayer whose  
21 approval shall be subject to rescission shall be notified of such  
22 from the department of economic development and, upon receipt of  
23 such notice, may submit a new application for the project.

24 [7.] 8. To claim the credit authorized under sections  
25 253.550 to 253.559, a taxpayer with approval shall apply for  
26 final approval and issuance of tax credits from the department of  
27 economic development which, in consultation with the department  
28 of natural resources, shall determine the final amount of

1 eligible rehabilitation costs and expenses and whether the  
2 completed rehabilitation meets the standards of the Secretary of  
3 the United States Department of the Interior for rehabilitation  
4 as determined by the state historic preservation officer of the  
5 Missouri department of natural resources. For financial  
6 institutions credits authorized pursuant to sections 253.550 to  
7 253.561 shall be deemed to be economic development credits for  
8 purposes of section 148.064. The approval of all applications and  
9 the issuing of certificates of eligible credits to taxpayers  
10 shall be performed by the department of economic development.  
11 The department of economic development shall inform a taxpayer of  
12 final approval by letter and shall issue, to the taxpayer, tax  
13 credit certificates. The taxpayer shall attach the certificate  
14 to all Missouri income tax returns on which the credit is  
15 claimed.

16 [8.] 9. Except as expressly provided in this subsection,  
17 tax credit certificates shall be issued in the final year that  
18 costs and expenses of rehabilitation of the project are incurred,  
19 or within the twelve-month period immediately following the  
20 conclusion of such rehabilitation. In the event the amount of  
21 eligible rehabilitation costs and expenses incurred by a taxpayer  
22 would result in the issuance of an amount of tax credits in  
23 excess of the amount provided under such taxpayer's approval  
24 granted under subsection [3] 4 of this section, such taxpayer may  
25 apply to the department for issuance of tax credits in an amount  
26 equal to such excess. Applications for issuance of tax credits  
27 in excess of the amount provided under a taxpayer's application  
28 shall be made on a form prescribed by the department. Such

1 applications shall be subject to all provisions regarding  
2 priority provided under subsection 1 of this section.

3 [9.] 10. The department of economic development shall  
4 determine, on an annual basis, the overall economic impact to the  
5 state from the rehabilitation of eligible property.

6 Section B. Because of the need to provide for the  
7 preservation of historic buildings, section A of this act is  
8 deemed necessary for the immediate preservation of the public  
9 health, welfare, peace and safety, and is hereby declared to be  
10 an emergency act within the meaning of the constitution, and  
11 section A of this act shall be in full force and effect upon its  
12 passage and approval.