

SENATE SUBSTITUTE  
FOR  
SENATE COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 948  
AN ACT

To repeal sections 135.305, 135.686, 135.750, and 348.436, RSMo, and to enact in lieu thereof thirteen new sections relating to tax credits.

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

Section A. Sections 135.305, 135.686, 135.750, and  
2 348.436, RSMo, are repealed and thirteen new sections enacted  
3 in lieu thereof, to be known as sections 135.305, 135.686,  
4 135.750, 135.755, 135.775, 348.436, 620.3500, 620.3505,  
5 620.3510, 620.3515, 620.3520, 620.3525, and 620.3530, to read  
6 as follows:

135.305. A Missouri wood energy producer shall be  
2 eligible for a tax credit on taxes otherwise due under  
3 chapter 143, except sections 143.191 to 143.261, as a  
4 production incentive to produce processed wood products in a  
5 qualified wood-producing facility using Missouri forest  
6 product residue. The tax credit to the wood energy producer  
7 shall be five dollars per ton of processed material. The  
8 credit may be claimed for a period of five years and is to  
9 be a tax credit against the tax otherwise due. No new tax  
10 credits, provided for under sections 135.300 to 135.311,  
11 shall be authorized after June 30, ~~2020~~ 2027. In no event  
12 shall the aggregate amount of all tax credits allowed under  
13 sections 135.300 to 135.311 exceed six million dollars in  
14 any given fiscal year. There shall be no tax credits  
15 authorized under sections 135.300 to 135.311 unless an  
16 appropriation is made for such tax credits.

135.686. 1. This section shall be known and may be  
cited as the "Meat Processing Facility Investment Tax Credit  
Act".

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

(1) "Authority", the agricultural and small business  
development authority established in chapter 348;

(2) "Meat processing facility", any commercial plant,  
as defined under section 265.300, at which livestock are  
slaughtered or at which meat or meat products are processed  
for sale commercially and for human consumption;

(3) "Meat processing modernization or expansion",  
constructing, improving, or acquiring buildings or  
facilities, or acquiring equipment for meat processing  
including the following, if used exclusively for meat  
processing and if acquired and placed in service in this  
state during tax years beginning on or after January 1,  
2017, but ending on or before December 31, ~~[2021]~~ 2027:

(a) Building construction including livestock  
handling, product intake, storage, and warehouse facilities;

(b) Building additions;

(c) Upgrades to utilities including water, electric,  
heat, refrigeration, freezing, and waste facilities;

(d) Livestock intake and storage equipment;

(e) Processing and manufacturing equipment including  
cutting equipment, mixers, grinders, sausage stuffers, meat  
smokers, curing equipment, cooking equipment, pipes, motors,  
pumps, and valves;

(f) Packaging and handling equipment including  
sealing, bagging, boxing, labeling, conveying, and product  
movement equipment;

(g) Warehouse equipment including storage and curing  
racks;

(h) Waste treatment and waste management equipment including tanks, blowers, separators, dryers, digesters, and equipment that uses waste to produce energy, fuel, or industrial products;

(i) Computer software and hardware used for managing the claimant's meat processing operation including software and hardware related to logistics, inventory management, production plant controls, and temperature monitoring controls; and

(j) Construction or expansion of retail facilities or the purchase or upgrade of retail equipment for the commercial sale of meat products if the retail facility is located at the same location as the meat processing facility;

(4) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, or otherwise due under chapter 147;

(5) "Taxpayer", any individual or entity who:

(a) Is subject to the tax imposed under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, or the tax imposed under chapter 147;

(b) In the case of an individual, is a resident of this state as verified by a 911 address or, in the absence of a 911 system, a physical address; and

(c) Owns a meat processing facility located in this state;

(6) "Used exclusively", used to the exclusion of all other uses except for use not exceeding five percent of total use.

3. For all tax years beginning on or after January 1, 2017, but ending on or before December 31, ~~[2021]~~ 2027, a taxpayer shall be allowed a tax credit for meat processing modernization or expansion related to the taxpayer's meat

66 processing facility. The tax credit amount shall be equal  
67 to twenty-five percent of the amount the taxpayer paid in  
68 the tax year for meat processing modernization or expansion.

69 4. The amount of the tax credit claimed shall not  
70 exceed the amount of the taxpayer's state tax liability for  
71 the tax year for which the credit is claimed. No tax credit  
72 claimed under this section shall be refundable. The tax  
73 credit shall be claimed in the tax year in which the meat  
74 processing modernization or expansion expenses were paid,  
75 but any amount of credit that the taxpayer is prohibited by  
76 this section from claiming in a tax year may be carried  
77 forward to any of the taxpayer's four subsequent tax years.  
78 The total amount of tax credits that any taxpayer may claim  
79 shall not exceed seventy-five thousand dollars per year. If  
80 two or more persons own and operate the meat processing  
81 facility, each person may claim a credit under this section  
82 in proportion to his or her ownership interest; except that,  
83 the aggregate amount of the credits claimed by all persons  
84 who own and operate the meat processing facility shall not  
85 exceed seventy-five thousand dollars per year. The amount  
86 of tax credits authorized in this section and section  
87 135.679 in a calendar year shall not exceed two million  
88 dollars. Tax credits shall be issued on an as-received  
89 application basis until the calendar year limit is reached.  
90 Any credits not issued in any calendar year shall expire and  
91 shall not be issued in any subsequent year.

92 5. To claim the tax credit allowed under this section,  
93 the taxpayer shall submit to the authority an application  
94 for the tax credit on a form provided by the authority and  
95 any application fee imposed by the authority. The  
96 application shall be filed with the authority at the end of  
97 each calendar year in which a meat processing modernization  
98 or expansion project was completed and for which a tax

99 credit is claimed under this section. The application shall  
100 include any certified documentation, proof of meat  
101 processing modernization or expansion, and any other  
102 information required by the authority. All required  
103 information obtained by the authority shall be confidential  
104 and not disclosed except by court order, subpoena, or as  
105 otherwise provided by law. If the taxpayer and the meat  
106 processing modernization or expansion meet all criteria  
107 required by this section and approval is granted by the  
108 authority, the authority shall issue a tax credit  
109 certificate in the appropriate amount. Tax credit  
110 certificates issued under this section may be assigned,  
111 transferred, sold, or otherwise conveyed, and the new owner  
112 of the tax credit certificate shall have the same rights in  
113 the tax credit as the original taxpayer. If a tax credit  
114 certificate is assigned, transferred, sold, or otherwise  
115 conveyed, a notarized endorsement shall be filed with the  
116 authority specifying the name and address of the new owner  
117 of the tax credit certificate and the value of the tax  
118 credit.

119 6. Any information provided under this section shall  
120 be confidential information, to be shared with no one except  
121 state and federal animal health officials, except as  
122 provided in subsection 5 of this section.

123 7. The authority shall promulgate rules establishing a  
124 process for verifying that a facility's modernization or  
125 expansion for which tax credits were allowed under this  
126 section has in fact expanded the facility's production  
127 within three years of the issuance of the tax credit and if  
128 not, the authority shall promulgate through rulemaking a  
129 process by which the taxpayer shall repay the authority an  
130 amount equal to that of the tax credit allowed.

131           8. The authority shall, at least annually, submit a  
132 report to the Missouri general assembly reviewing the costs  
133 and benefits of the program established under this section.

134           9. The authority may promulgate rules to implement the  
135 provisions of this section. Any rule or portion of a rule,  
136 as that term is defined in section 536.010, that is created  
137 under the authority delegated in this section shall become  
138 effective only if it complies with and is subject to all of  
139 the provisions of chapter 536 and, if applicable, section  
140 536.028. This section and chapter 536 are nonseverable and  
141 if any of the powers vested with the general assembly  
142 pursuant to chapter 536 to review, to delay the effective  
143 date, or to disapprove and annul a rule are subsequently  
144 held unconstitutional, then the grant of rulemaking  
145 authority and any rule proposed or adopted after August 28,  
146 2016, shall be invalid and void.

147           10. This section shall not be subject to the Missouri  
148 sunset act, sections 23.250 to 23.298.

135.750. 1. This act shall be referred to as the  
2 "Show Missouri Film and Digital Media Act".

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

4           (1) "Highly compensated individual", any individual  
5 who receives compensation in excess of [one million] two  
6 hundred fifty thousand dollars in connection with a single  
7 qualified film production project;

8           (2) "Qualified film production project", any film,  
9 video, commercial, or television production, as approved by  
10 the department of economic development and the office of the  
11 Missouri film commission, that features a statement or logo  
12 designated by the department of economic development in the  
13 credits of the film indicating that the project was filmed  
14 in Missouri and that is under thirty minutes in length with  
15 an expected in-state expenditure budget in excess of fifty

thousand dollars[, ] or [that] is over thirty minutes in length with an expected in-state expenditure budget in excess of one hundred thousand dollars. Regardless of the production costs, "qualified film production project" shall not include any:

- (a) News or current events programming;
- (b) Talk show;
- (c) Production produced primarily for industrial, corporate, or institutional purposes, and for internal use;
- (d) Sports event or sports program;
- (e) Gala presentation or awards show;
- (f) Infomercial or any production that directly solicits funds;
- (g) Political ad;
- (h) Production that is considered obscene, as defined in section 573.010;

(3) "Qualifying in-state expenses", the sum of the total amount spent in this state for the following by a production company in connection with a qualified film production project:

(a) Goods and services leased or purchased by the production company. For goods with a purchase price of twenty-five thousand dollars or more, the amount included in qualifying in-state expenses shall be the purchase price less the fair market value of the goods at the time the production is completed;

(b) Compensation and wages paid by the production company to Missouri residents on which the production company remitted withholding payments to the department of revenue under chapter 143. For purposes of this section, compensation and wages shall not include any amounts paid to a highly compensated individual;

48           (4) "Qualifying out-of-state expenses", the sum of all  
49 compensation and wages paid by the production company to non-  
50 Missouri residents on which the production company remitted  
51 withholding payments to the department of revenue under  
52 chapter 143. For purposes of this section, compensation and  
53 wages shall not include any amounts paid to a highly  
54 compensated individual;

55           (5) "Tax credit", a credit against the tax otherwise  
56 due under chapter 143, excluding withholding tax imposed by  
57 sections 143.191 to 143.265, or otherwise due under chapter  
58 148;

59           ~~[(5)]~~ (6) "Taxpayer", any individual, partnership, or  
60 corporation as described in section 143.441, 143.471, or  
61 section 148.370 that is subject to the tax imposed in  
62 chapter 143, excluding withholding tax imposed by sections  
63 143.191 to 143.265, or the tax imposed in chapter 148 or any  
64 charitable organization which is exempt from federal income  
65 tax and whose Missouri unrelated business taxable income, if  
66 any, would be subject to the state income tax imposed under  
67 chapter 143.

68           ~~[2.]~~ 3. (1) For all ~~[taxable]~~ tax years beginning on  
69 or after January 1, 1999, but ending on or before December  
70 31, 2007, a taxpayer shall be granted a tax credit for up to  
71 fifty percent of the amount of investment in production or  
72 production-related activities in any film production project  
73 with an expected in-state expenditure budget in excess of  
74 three hundred thousand dollars.

75           (2) For all ~~[taxable]~~ tax years beginning on or after  
76 January 1, 2008, but ending on or before November 28, 2013,  
77 a taxpayer shall be allowed a tax credit for up to thirty-  
78 five percent of the amount of qualifying expenses in a  
79 qualified film production project.



80       (3) (a) For all tax years beginning on or after  
81 January 1, 2021, a taxpayer shall be allowed a tax credit  
82 equal to twenty-five percent of qualifying in-state expenses  
83 and ten percent of qualifying out-of-state expenses. An  
84 additional five percent may be earned for both qualifying in-  
85 state expenses and qualifying out-of-state expenses if at  
86 least fifty percent of the qualified film production project  
87 is filmed in Missouri. An additional five percent may be  
88 earned for both qualifying in-state expenses and qualifying  
89 out-of-state expenses if the department of economic  
90 development determines that the script of the qualified film  
91 production project positively markets a city or region of  
92 the state, the entire state, or a tourist attraction located  
93 in the state.

94       (b) The total dollar amount of tax credits authorized  
95 pursuant to paragraph (a) of this subsection shall be  
96 increased by ten percent for qualified film production  
97 projects located in a county of the second, third, or fourth  
98 class.

99       (c) Each film production company shall be limited to  
100 one qualified film production project per year. Activities  
101 qualifying a taxpayer for the tax credit pursuant to this  
102 subsection shall be approved by the office of the Missouri  
103 film commission and the department of economic development.

104       [3.] 4. Taxpayers shall apply for the film production  
105 tax credit by submitting an application to the department of  
106 economic development, on a form provided by the department.  
107 As part of the application, the expected in-state  
108 expenditures of the qualified film production project shall  
109 be documented. In addition, the application shall include  
110 an economic impact statement, showing the economic impact  
111 from the activities of the film production project. Such  
112 economic impact statement shall indicate the impact on the

region of the state in which the film production or production-related activities are located and on the state as a whole.

[4.] 5. For all [taxable] tax years ending on or before December 31, 2007, tax credits certified pursuant to subsection [2] 3 of this section shall not exceed one million dollars per taxpayer per year, and shall not exceed a total for all tax credits certified of one million five hundred thousand dollars per year. For all [taxable] tax years beginning on or after January 1, 2008, tax credits certified under subsection 1 of this section shall not exceed a total for all tax credits certified of four million five hundred thousand dollars per year. Taxpayers may carry forward unused credits for up to five tax periods, provided all such credits shall be claimed within ten tax periods following the tax period in which the film production or production-related activities for which the credits are certified by the department occurred.

[5.] 6. Notwithstanding any provision of law to the contrary, any taxpayer may sell, assign, exchange, convey or otherwise transfer tax credits allowed in subsection [2] 3 of this section. The taxpayer acquiring the tax credits may use the acquired credits to offset the tax liabilities otherwise imposed by chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265, or chapter 148. Unused acquired credits may be carried forward for up to five tax periods, provided all such credits shall be claimed within ten tax periods following the tax period in which the film production or production-related activities for which the credits are certified by the department occurred.

[6.] 7. Under section 23.253 of the Missouri sunset act:

145 (1) The provisions of the [new] program authorized  
146 under this section shall automatically sunset [six years  
147 after November 28, 2007] on December 31, 2027, unless  
148 reauthorized by an act of the general assembly; and

149 (2) If such program is reauthorized, the program  
150 authorized under this section shall automatically sunset on  
151 December thirty-first, twelve years after the effective date  
152 of the reauthorization of this section; and

153 (3) This section shall terminate on September first of  
154 the calendar year immediately following the calendar year in  
155 which the program authorized under this section is sunset.

135.755. 1. For the purposes of this section, the  
2 following terms shall mean:

3 (1) "Department", the Missouri department of revenue;

4 (2) "Higher ethanol blend", a fuel capable of being  
5 dispensed directly into motor vehicle fuel tanks for  
6 consumption that is comprised of at least fifteen percent  
7 but not more than eighty-five percent ethanol;

8 (3) "Retail dealer", a person that owns or operates a  
9 retail service station;

10 (4) "Retail service station", a location from which  
11 higher ethanol blend is sold to the general public and is  
12 dispensed directly into motor vehicle fuel tanks for  
13 consumption.

14 2. For all tax years beginning on or after January 1,  
15 2022, a retail dealer that sells higher ethanol blend at  
16 such retail dealer's retail service station shall be allowed  
17 a tax credit to be taken against the retail dealer's state  
18 income tax liability. The amount of the credit shall equal  
19 five cents per gallon of higher ethanol blend sold by the  
20 retail dealer and dispensed through metered pumps at the  
21 retail dealer's retail service station during the tax year  
22 in which the tax credit is claimed. Tax credits authorized

23 pursuant to this section shall not be transferred, sold, or  
24 assigned. If the amount of the tax credit exceeds the  
25 taxpayer's state tax liability, the difference shall not be  
26 refundable, but may be carried forward to any of the five  
27 subsequent tax years. The total amount of tax credits  
28 authorized pursuant to this section for any given fiscal  
29 year shall not exceed four million dollars.

30 3. The tax credit allowed by this section shall be  
31 claimed by such taxpayer at the time such taxpayer files a  
32 return and shall be applied against the income tax liability  
33 imposed by chapter 143 after reduction for all other credits  
34 allowed thereon. The department may require any  
35 documentation it deems necessary to implement the provisions  
36 of this section.

37 4. Nothing in this section shall be construed to  
38 mandate the sale of higher ethanol blends in Missouri.

39 5. The department shall promulgate rules to implement  
40 the provisions of this section. Any rule or portion of a  
41 rule, as that term is defined in section 536.010, that is  
42 created under the authority delegated in this section shall  
43 become effective only if it complies with and is subject to  
44 all of the provisions of chapter 536 and, if applicable,  
45 section 536.028. This section and chapter 536 are  
46 nonseverable and if any of the powers vested with the  
47 general assembly pursuant to chapter 536 to review, to delay  
48 the effective date, or to disapprove and annul a rule are  
49 subsequently held unconstitutional, then the grant of  
50 rulemaking authority and any rule proposed or adopted after  
51 August 28, 2021, shall be invalid and void.

52 6. Pursuant to section 23.253 of the Missouri sunset  
53 act:

54       (1) The provisions of this section shall automatically  
55 sunset on December 31, 2027, unless reauthorized by an act  
56 of the general assembly; and

57       (2) If such program is reauthorized, the program  
58 authorized under this section shall automatically sunset  
59 twelve years after the effective date of the reauthorization  
60 of this section; and

61       (3) This section shall terminate on September first of  
62 the calendar year immediately following the calendar year in  
63 which the program authorized under this section is sunset.

135.775. 1. For the purposes of this section, the  
2 following terms shall mean:

3       (1) "Biodiesel blend", a blend of diesel fuel and  
4 biodiesel fuel between five percent and twenty percent for  
5 on-road and off-road diesel-fueled vehicle use. Biodiesel  
6 blend shall comply with the ASTM International specification  
7 D7467-19, or the most recent specifications;

8       (2) "Biodiesel fuel", a renewable, biodegradable, mono  
9 alkyl ester combustible liquid fuel that is derived from  
10 agricultural and other plant oils or animal fats and that  
11 meets the ASTM International specification D6751-19, or the  
12 most recent specification, for Biodiesel Fuel (B100) or  
13 (B99) Blend Stock for Distillate Fuels. Biodiesel produced  
14 from palm oil is not biodiesel fuel for the purposes of this  
15 section, unless the palm oil is contained within waste oil  
16 and grease collected within the United States;

17       (3) "Department", the Missouri department of revenue;

18       (4) "Retail dealer", a person that owns or operates a  
19 retail service station;

20       (5) "Retail service station", a location from which  
21 biodiesel blend is sold to the general public and is  
22 dispensed directly into motor vehicle fuel tanks for  
23 consumption.

2. For all tax years beginning on or after January 1, 2022, a retail dealer that sells a biodiesel blend at a retail service station shall be allowed a tax credit to be taken against the retail dealer's state income tax liability. The amount of the tax credit shall be as follows:

(1) Two cents per gallon of biodiesel blend of at least five percent but not more than ten percent sold by a retail dealer at a retail service station during the tax year for which the tax credit is claimed; or

(2) Five cents per gallon of biodiesel blend in excess of ten percent sold by a retail dealer at a retail service station during the tax year for which the tax credit is claimed.

Tax credits authorized pursuant to this section shall not be transferred, sold, or assigned. If the amount of the tax credit exceeds the taxpayer's state tax liability, the difference shall be refundable. The total amount of tax credits authorized pursuant to this section for any given fiscal year shall not exceed sixteen million dollars.

3. In the event the total amount of tax credits claimed under this section exceeds the amount of available tax credits, the tax credits shall be apportioned equally to all eligible retail dealers claiming the credit by April fifteenth of the fiscal year in which the tax credit is claimed.

4. The tax credit allowed by this section shall be claimed by such taxpayer at the time such taxpayer files a return and shall be applied against the income tax liability imposed by chapter 143 after reduction for all other credits allowed thereon. The department may require any documentation it deems necessary to implement the provisions of this section.

56       5. The department may work with the division of  
57 weights and measures within the department of agriculture to  
58 validate that the biodiesel blend a retail dealer claims for  
59 the tax credit authorized under this section contains a  
60 sufficient percentage of biodiesel fuel.

61       6. The department shall promulgate rules to implement  
62 the provisions of this section. Any rule or portion of a  
63 rule, as that term is defined in section 536.010, that is  
64 created under the authority delegated in this section shall  
65 become effective only if it complies with and is subject to  
66 all of the provisions of chapter 536 and, if applicable,  
67 section 536.028. This section and chapter 536 are  
68 nonseverable and if any of the powers vested with the  
69 general assembly pursuant to chapter 536 to review, to delay  
70 the effective date, or to disapprove and annul a rule are  
71 subsequently held unconstitutional, then the grant of  
72 rulemaking authority and any rule proposed or adopted after  
73 August 28, 2021, shall be invalid and void.

74       7. Nothing in this section shall be construed to  
75 mandate the sale of biodiesel blends in Missouri.

76       8. Pursuant to section 23.253 of the Missouri sunset  
77 act:

78       (1) The provisions of this section shall automatically  
79 sunset on December 31, 2027, unless reauthorized by an act  
80 of the general assembly; and

81       (2) If such program is reauthorized, the program  
82 authorized under this section shall automatically sunset  
83 twelve years after the effective date of the reauthorization  
84 of this section; and

85       (3) This section shall terminate on September first of  
86 the calendar year immediately following the calendar year in  
87 which the program authorized under this section is sunset.

348.436. The provisions of sections 348.430 to 348.436  
2 shall expire December 31, ~~[2021]~~ 2027.

620.3500. Sections 620.3500 to 620.3530 shall be known  
2 and may be cited as the "Missouri Rural Workforce  
3 Development Act".

620.3505. As used in sections 620.3500 to 620.3530,  
2 the following terms shall mean:

3 (1) "Affiliate", an entity that directly, or  
4 indirectly through one or more intermediaries, controls, or  
5 is controlled by, or is under common control with another  
6 entity. An entity is controlled by another entity if the  
7 controlling entity holds, directly or indirectly, the  
8 majority voting or ownership interest in the controlled  
9 entity or has control over day-to-day operations of the  
10 controlled entity by contract or by law;

11 (2) "Agribusiness", a business that produces or  
12 provides any goods or services produced in this state and  
13 that are normally used by farmers, ranchers, or producers  
14 and harvesters of aquatic products in their business  
15 operations, or to improve the welfare or livelihood of such  
16 persons, or is involved in the processing and marketing of  
17 agricultural products, farm supplies, and input suppliers,  
18 or is engaged in agribusiness as defined by the United  
19 States Department of Agriculture, or is engaged in  
20 manufacturing, health care, technology, transportation, or  
21 related services, or if not engaged in such industries, the  
22 department determines that such investment will be  
23 beneficial to the rural area and the economic growth of the  
24 state;

25 (3) "Applicable percentage", zero percent for the  
26 first two credit allowance dates, and fifteen percent for  
27 the next four credit allowance dates;



28       (4) "Capital investment", any equity investment in a  
29 rural fund by a rural investor which:

30       (a) Is acquired after the effective date of sections  
31 620.3500 to 620.3530 at its original issuance solely in  
32 exchange for cash;

33       (b) Has one hundred percent of its cash purchase price  
34 used by the rural fund to make qualified investments in  
35 eligible businesses located in this state by the third  
36 anniversary of the initial credit allowance date; and

37       (c) Is designated by the rural fund as a capital  
38 investment under sections 620.3500 to 620.3530 and is  
39 certified by the department under the provisions of section  
40 620.3510. This shall include any capital investment that  
41 does not meet the provisions of subdivision (1) of  
42 subsection 1 of section 620.3510 if such investment was a  
43 capital investment in the hands of a prior holder;

44       (5) "Credit allowance date", the date on which the  
45 department certifies a rural fund's capital investment and  
46 each of the five anniversary dates of such date thereafter;

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

49       (7) "Eligible business", a business that, at the time  
50 of the initial qualified investment in the business:

51       (a) Has fewer than two hundred fifty employees; and

52       (b) Has its principal business operations in this  
53 state.

54 Any business which is classified as an eligible business at  
55 the time of the initial investment in such business by a  
56 rural fund shall remain classified as an eligible business  
57 and may receive follow-on investments from any rural fund,  
58 and such follow-on investments shall be qualified  
59 investments even though such business may not meet the

60 definition of an eligible business at the time of such  
61 follow-on investments;

62 (8) "Principal business operations", the location  
63 where at least sixty percent of a business's employees work  
64 or where employees who are paid at least sixty percent of  
65 such business's payroll work. A business that has agreed to  
66 relocate employees using the proceeds of a qualified  
67 investment to establish its principal business operations in  
68 a new location shall be deemed to have its principal  
69 business operations in such new location if it satisfied the  
70 requirements of this subdivision no later than one hundred  
71 eighty days after receiving a qualified investment;

72 (9) "Purchase price", the amount paid to the rural  
73 fund that issues a capital investment which shall not exceed  
74 the amount of capital investment authority certified under  
75 the provisions of section 620.3510;

76 (10) "Qualified investment", any investment in an  
77 eligible business or any loan to an eligible business with a  
78 stated maturity date of at least one year after the date of  
79 issuance, excluding revolving lines of credit and senior  
80 secured debt unless the chief executive or similar officer  
81 of the eligible business certifies that the eligible  
82 business sought and was denied similar financing from a  
83 depository institution, by a rural fund; provided that, with  
84 respect to any one eligible business, the maximum amount of  
85 investments made in such business by one or more rural  
86 funds, on a collective basis with all of the businesses'  
87 affiliates, with the proceeds of capital investments shall  
88 be the greater of twenty percent of the rural fund's capital  
89 investment authority or six million five hundred thousand  
90 dollars, exclusive of investments made with repaid or  
91 redeemed investments or interest or profits realized thereon;

92       (11) "Rural area", any county of this state that has a  
93 population of less than ninety thousand according to the  
94 2010 decennial census of the United States;

95       (12) "Rural fund", an entity certified by the  
96 department under the provisions of section 620.3510;

97       (13) "Rural investor", an entity that makes a capital  
98 investment in a rural fund;

99       (14) "Senior secured debt", any loan that is secured  
100 by a first mortgage on real estate with a loan to value  
101 ratio of less than eighty percent;

102       (15) "State tax liability", any liability incurred by  
103 any entity subject to the state income tax imposed under  
104 chapter 143, excluding withholding tax imposed under  
105 sections 143.191 to 143.265, or an insurance company paying  
106 an annual tax on its gross premium receipts, including  
107 retaliatory tax, or other financial institution paying taxes  
108 to the state or any political subdivision of the state under  
109 the provisions of chapter 148, or an express company which  
110 pays an annual tax on its gross receipts in this state.

620.3510. 1. A rural fund that seeks to have an  
2 equity investment certified as a capital investment eligible  
3 for credits authorized under the provisions of sections  
4 620.3500 to 620.3530 shall apply to the department. The  
5 department shall begin accepting applications within ninety  
6 days of the effective date of sections 620.3500 to  
7 620.3530. The application shall include:

8       (1) The amount of capital investment requested;

9       (2) A copy of the applicant's or an affiliate of the  
10 applicant's license as a rural business investment company  
11 under 7 U.S.C. Section 2009cc or as a small business  
12 investment company under 15 U.S.C. Section 681, and a  
13 certificate executed by an executive officer of the

14 applicant attesting that such license remains in effect and  
15 has not been revoked;

16 (3) Evidence that, as of the date the application is  
17 submitted, the applicant or affiliates of the applicant have  
18 invested:

19 (a) At least one hundred million dollars in nonpublic  
20 companies located in counties within the United States with  
21 a population of less than fifty thousand according to the  
22 2010 decennial census of United States; and

23 (b) At least fifty million dollars in nonpublic  
24 companies located in Missouri;

25 (4) A business plan that includes a revenue impact  
26 assessment projecting state and local tax revenue to be  
27 generated by the applicant's proposed qualified investments,  
28 prepared by a nationally recognized, third-party,  
29 independent economic forecasting firm using a dynamic  
30 economic forecasting model that analyzes the applicant's  
31 business plan over the ten years following the date the  
32 application is submitted to the department. Such plan shall  
33 include an estimate of the number of jobs created and jobs  
34 retained in this state as a result of the applicant's  
35 qualified investments; and

36 (5) A nonrefundable application fee of five thousand  
37 dollars payable to the department.

38 2. Within thirty days after the receipt of a completed  
39 application, the department shall grant or deny the  
40 application in full or in part. The department shall deny  
41 the application if:

42 (1) The applicant does not satisfy all of the criteria  
43 provided under subsection 1 of this section;

44 (2) The revenue impact assessment submitted with the  
45 application does not demonstrate that the applicant's  
46 business plan will result in a positive fiscal impact on

47 this state over a ten-year period that exceeds the  
48 cumulative amount of tax credits that would be issued to the  
49 applicant if the application were approved; or

50 (3) The department has already approved the maximum  
51 amount of capital investment authority under section  
52 620.3515.

53 3. If the department denies any part of the  
54 application, it shall inform the applicant of the grounds  
55 for such denial. If the applicant provides any additional  
56 information required by the department or otherwise  
57 completes its application within fifteen days of the notice  
58 of denial, the application shall be considered complete as  
59 of the original date of submission. If the applicant fails  
60 to provide the information or fails to complete its  
61 application within the fifteen-day period, the application  
62 shall remain denied and shall be resubmitted in full with a  
63 new submission date and a new application fee.

64 4. Upon approval of an application, the department  
65 shall certify the proposed equity investment as a capital  
66 investment eligible for credits under sections 620.3500 to  
67 620.3530, subject to the limitations contained in section  
68 620.3515. The department shall provide written notice of  
69 the certification to the applicant, which shall include the  
70 amount of the applicant's capital investment authority. The  
71 department shall certify capital investments in the order  
72 that the applications are received by the department.  
73 Applications received on the same day shall be deemed to  
74 have been received simultaneously. For applications that  
75 are complete and received on the same day, the department  
76 shall certify applications in proportionate percentages  
77 based upon the ratio of the amount of capital investment  
78 authority requested in an application to the total amount of  
79 capital investment authority requested in all applications.

620.3515. 1. The department shall certify capital investment authority under the provisions of sections 620.3500 to 620.3530 in amounts that would authorize not more than twenty-five million dollars in state tax credits to be claimed against state tax liability in any calendar year, excluding any credit amounts carried forward as provided under subsection 1 of section 620.3520. Within ninety days of the applicant receiving notice of certification, the rural fund shall issue the capital investment to, and receive cash in the amount of the certified amount from, a rural investor. At least ten percent of the rural investor's capital investment shall be composed of capital raised by the rural investor directly or indirectly from sources, including directors, members, employees, officers, and affiliates of the rural investor, other than the amount invested by the allocatee claiming the tax credits in exchange for such allocation of tax credits. The rural fund shall provide the department with evidence of the receipt of the cash investment within ninety-five days of the applicant receiving notice of certification.

2. If the rural fund does not receive the cash investment and issue the capital investment within such time period following receipt of the certification notice, the certification shall lapse and the rural fund shall not issue the capital investment without reapplying to the department for certification. Lapsed certifications shall revert to the department and shall be reissued pro rata to applicants whose capital investment allocations were reduced in accordance with the application process provided under subsection 4 of section 620.3510.

3. A rural fund, before making a qualified investment, may request from the department a written opinion as to whether the business in which it proposes to invest is an

34 eligible business. The department, not later than the  
35 fifteenth business day after the date of receipt of such  
36 request, shall notify the rural fund of its determination.  
37 If the department fails to notify the rural fund of its  
38 determination by the twentieth business day, the business in  
39 which the rural fund proposes to invest shall be deemed an  
40 eligible business.

620.3520. 1. Upon making a capital investment in a  
2 rural fund, a rural investor shall have a vested right to a  
3 credit against such entity's state tax liability that may be  
4 utilized on each credit allowance date of such capital  
5 investment in an amount equal to the applicable percentage  
6 for such credit allowance date multiplied by the purchase  
7 price paid to the rural fund for the capital investment.  
8 The amount of the credit claimed by a rural investor shall  
9 not exceed the amount of such entity's state tax liability  
10 for the tax year for which the credit is claimed. Any  
11 amount of credit that a rural investor is prohibited from  
12 claiming in a taxable year as a result of this section may  
13 be carried forward for use in any of the five subsequent  
14 taxable years, and shall not be carried back to prior  
15 taxable years.

2. No credit claimed under the provisions of sections  
17 620.3500 to 620.3530 shall be refundable. Credits earned by  
18 or allocated to a partnership, limited liability company, or  
19 S-corporation may be allocated to the partners, members, or  
20 shareholders of such entity for their direct use in  
21 accordance with the provisions of any agreement among such  
22 partners, members, or shareholders, and a rural fund shall  
23 notify the department of the names of the entities that are  
24 eligible to utilize credits pursuant to an allocation of  
25 credits or a change in allocation of credits, or due to a  
26 transfer of a capital investment upon such allocation,

change, or transfer. Such allocation shall not be considered a sale for the purposes of this section.

3. The department may recapture credits from a taxpayer that claimed a credit authorized under this section if:

(1) The rural fund does not invest sixty percent of its capital investment authority in qualified investments in this state within two years of the credit allowance date, and one hundred percent of its capital investment authority in qualified investments in this state within three years of the credit allowance date, provided that at least seventy percent of such initial qualified investments shall be made in eligible businesses located in rural areas or eligible businesses that are also agribusinesses;

(2) The rural fund fails to maintain qualified investments equal to ninety percent of its capital investment authority from the third anniversary until the sixth anniversary of the credit allowance date, with seventy percent of such investments maintained in eligible businesses located in rural areas or eligible businesses that are also agribusinesses. For each year the rural fund fails to maintain such investments, the department may recapture an amount of such year's allowed credits equal to the percentage difference between ninety percent of a rural fund's capital investment authority and the actual amount of qualified investments maintained for such year. For the purposes of this subdivision, a qualified investment is considered maintained even if the qualified investment was sold or repaid so long as the rural fund reinvests an amount equal to the capital returned or recovered by the rural fund from the original investment, exclusive of any profits realized, in other qualified investments in this state within twelve months of the receipt of such capital.



60 Amounts received periodically by a rural fund shall be  
61 treated as continually invested in qualified investments if  
62 the amounts are reinvested in one or more qualified  
63 investments by the end of the following calendar year. A  
64 rural fund shall not be required to reinvest capital  
65 returned from qualified investments after the fifth  
66 anniversary of the credit allowance date, and such qualified  
67 investments shall be considered held continuously by the  
68 rural fund through the sixth anniversary of the credit  
69 allowance date;

70 (3) The rural fund, before exiting the program in  
71 accordance with sections 620.3500 to 620.3530 or prior to  
72 thirty days after the sixth anniversary of the credit  
73 allowance date, whichever is earlier, makes a distribution  
74 or payment that results in the rural fund having less than  
75 one hundred percent of its capital investment authority  
76 invested in qualified investments in this state or held in  
77 cash or other marketable securities; or

78 (4) The rural fund violates the provisions of section  
79 620.3525, in which case the department may recapture an  
80 amount equal to the amount of a rural fund's capital  
81 investment authority found to be in violation of such  
82 provisions.

83 For the purposes of meeting and maintaining the objectives  
84 established for investment in subdivisions (1) and (2) of  
85 this subsection, a rural fund's qualified investments shall  
86 be multiplied by a factor of one and a quarter in counties  
87 with less than thirty thousand in population and more than  
88 thirteen thousand in population and shall be multiplied by a  
89 factor of one and a half in counties with a population of  
90 thirteen thousand or less.

91 4. Recaptured credits and the related capital  
92 investment authority shall revert to the department and

93 shall be reissued pro rata to applicants whose capital  
94 investment allocations were reduced in accordance with the  
95 application process provided under subsection 4 of section  
96 620.3510.

97 5. No recapture shall occur until the rural fund has  
98 been given notice of noncompliance and afforded six months  
99 from the date of such notice to cure the noncompliance.

620.3525. No eligible business that receives a  
2 qualified investment under the provisions of sections  
3 620.3500 to 620.3530, or any affiliates of such eligible  
4 businesses, shall directly or indirectly:

5 (1) Own or have the right to acquire an ownership  
6 interest in a rural fund or member or affiliate of a rural  
7 fund, including, but not limited to, a holder of a capital  
8 investment issued by the rural fund; or

9 (2) Loan to or invest in a rural fund or member or  
10 affiliate of a rural fund, including, but not limited to, a  
11 holder of a capital investment issued by a rural fund, where  
12 the proceeds of such loan or investment are directly or  
13 indirectly used to fund or refinance the purchase of a  
14 capital investment under sections 620.3500 to 620.3530.

620.3530. 1. Rural funds shall submit a report to the  
2 department within the first fifteen business days after the  
3 second and third anniversary of the initial credit allowance  
4 date. The report following the second anniversary shall  
5 provide documentation as to the investment of sixty percent  
6 of the purchase price of such capital investment in  
7 qualified investments. The report following the third  
8 anniversary shall provide documentation as to the investment  
9 of one hundred percent of the purchase price of such capital  
10 investment in qualified investments. Unless previously  
11 reported pursuant to this subsection, such reports shall  
12 also include:

13       (1) The name and location of each eligible business  
14 receiving a qualified investment;

15       (2) Bank statements of such rural fund evidencing each  
16 qualified investment;

17       (3) A copy of the written opinion of the department,  
18 as provided in subsection 3 of section 620.3515, or evidence  
19 that such business was an eligible business at the time of  
20 such qualified investment, as applicable;

21       (4) The number of jobs created and jobs retained  
22 resulting from each qualified investment;

23       (5) The average annual salary of positions described  
24 in subdivision (4) of this subsection; and

25       (6) Such other information as required by the  
26 department.

27       2. For all subsequent years, rural funds shall submit  
28 an annual report to the department within ninety days of the  
29 beginning of the calendar year during the compliance  
30 period. The report shall include, but is not limited to,  
31 the following:

32       (1) The number of jobs created and jobs retained as a  
33 result of qualified investments;

34       (2) The average annual salary of positions described  
35 in subdivision (1) of this subsection; and

36       (3) Such other information as required by the  
37 department.

38       3. On or after the sixth anniversary of the credit  
39 allowance date, a rural fund may apply to the department to  
40 exit the program and no longer be subject to regulation  
41 under the provisions of sections 620.3500 to 620.3530. The  
42 department shall respond to the exit application within  
43 fifteen days of receipt. In evaluating the exit  
44 application, the fact that no credits have been recaptured  
45 and that the rural fund has not received a notice of

46 recapture that has not been cured pursuant to subsection 5  
47 of section 620.3520 shall be sufficient evidence to prove  
48 that the rural fund is eligible for exit. The department  
49 shall not unreasonably deny an exit application submitted  
50 under this subsection. If the exit application is denied,  
51 the notice shall include the reasons for such determination.

52 4. The department shall not accept any new  
53 applications for tax credits pursuant to sections 620.3500  
54 to 620.3530 after December 31, 2031.