

SENATE BILL NO. 792

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR ROBERTS.

3320S.03I

KRISTINA MARTIN, Secretary

AN ACT

To amend chapter 99, RSMo, by adding thereto one new section relating to tax credits for downtown revitalization.

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

Section A. Chapter 99, RSMo, is amended by adding thereto
2 one new section, to be known as section 99.720, to read as
3 follows:

99.720. 1. This section shall be known and may be
2 cited as the "Revitalizing Missouri Downtowns and Main
3 Streets Act".

2. As used in this section, the following terms mean,
5 unless the context requires otherwise:

(1) "Department", the Missouri department of economic
7 development;

(2) "Qualified conversion expenditures", any amount
9 properly chargeable to capital account. The term "qualified
10 conversion expenditures" shall not include:

(a) The cost of acquisition;

(b) Any expenditure attributable to the enlargement of
13 an existing building; or

(c) Tax-exempt properties;

(3) "Qualified converted building", any building and
16 its structural components if:

(a) Prior to conversion, such building was

18 nonresidential real property, as defined in 26 U.S.C.

19 Section 168(e)(2)(B), as amended, which was leased, or
20 available for lease, to office tenants;

21 (b) Such building has been substantially converted
22 from an office use to a residential, retail, or other
23 commercial use; and

24 (c) Such building was initially placed in service at
25 least twenty-five years before the beginning of the
26 conversion;

27 (4) "Qualified Missouri main street district", an
28 accredited, associated, or affiliated main street district
29 of the Missouri main street program created pursuant to
30 sections 251.470 to 251.485;

31 (5) "Substantially converted", qualified conversion
32 expenditures incurred during the twenty-four-month period
33 preceding final approval of tax credits that in total are
34 greater than:

35 (a) The adjusted basis of such building and its
36 structural components, as determined as of the beginning of
37 the first day of such twenty-four-month period, or of the
38 holding period of the building, whichever is later; or

39 (b) Fifteen thousand dollars if the property is
40 located in a qualified Missouri main street district, or
41 five hundred thousand dollars if the property is not located
42 in a qualified Missouri main street district.

43 In the case of any conversion which may reasonably be
44 expected to be completed in phases set forth in
45 architectural plans and specifications completed before the
46 conversion begins, qualified conversion expenditures shall
47 be totaled for the sixty-month period preceding final
48 approval of tax credits rather than the twenty-four-month
49 period preceding such final approval;

50 (6) "Upper floor housing", any housing that is
51 attached to or contained in the same building as commercial
52 property, whether located on the ground floor behind the
53 traditional storefront or on other floors of the property.

54 3. (1) For all tax years beginning on or after
55 January 1, 2025, the department shall issue a taxpayer a
56 credit against the taxpayer's state tax liability equal to
57 twenty-five percent of qualified conversion expenditures
58 with respect to a qualified converted building, or thirty
59 percent of qualified conversion expenditures with respect to
60 upper floor housing located in a qualified Missouri main
61 street district. If the amount of such tax credit exceeds
62 the taxpayer's state tax liability for the year in which tax
63 credits are issued, the amount that exceeds the state tax
64 liability may be carried back to any of the three preceding
65 tax years or carried forward for credit against state tax
66 liability for the succeeding ten tax years, or until the
67 full credit is used, whichever occurs first.

68 (2) Tax credits authorized pursuant to this section
69 may be transferred, sold, or assigned.

70 (3) Tax credits authorized for a partnership, a
71 limited liability company taxed as a partnership, or
72 multiple owners of property shall be passed through to the
73 partners, members, or owners respectively pro rata, or
74 pursuant to an executed agreement among the partners,
75 members, or owners documenting an alternate distribution
76 method.

77 (4) The assignee of a tax credit may use the acquired
78 tax credits to offset up to one hundred percent of the
79 taxpayer's state tax liability. The assignor shall perfect
80 such transfer by notifying the department in writing within
81 thirty calendar days following the effective date of the

82 transfer and shall provide any information as may be
83 required by the department.

84 4. (1) The total amount of tax credits authorized
85 pursuant to this section shall not exceed fifty million
86 dollars in any fiscal year.

87 (2) The provisions of subdivision (1) of this
88 subsection shall not apply to tax credits authorized for
89 qualified converted buildings of more than seven hundred
90 fifty thousand square feet, provided that no more than fifty
91 million dollars in tax credits shall be authorized for such
92 qualified converted buildings in any given fiscal year.

93 5. Twenty-five percent of the maximum amount of tax
94 credits available to be authorized to taxpayers in a fiscal
95 year shall be authorized solely for projects located in a
96 qualified Missouri main street district. If the total
97 amount of such reserved tax credits have been authorized,
98 projects located in a qualified Missouri main street
99 district may receive tax credits from the remaining
100 unreserved amount of tax credits. If the total amount of
101 reserved tax credits have not been authorized by the
102 department, projects not located in a qualified Missouri
103 main street district may be authorized tax credits from such
104 reserved amount.

105 6. If the maximum amount of tax credits allowed in any
106 fiscal year, as provided pursuant to subsection 4 of this
107 section, is issued, the maximum amount of tax credits
108 allowed pursuant to subsection 4 of this section shall be
109 adjusted by the percentage increase in the Consumer Price
110 Index for All Urban Consumers, or its successor index, as
111 such index is defined and officially reported by the United
112 States Department of Labor, or its successor agency. Only
113 one such adjustment shall be made for each instance in which

114 the provisions of this subsection apply. The department
115 shall publish such adjusted amount.

116 7. (1) To obtain approval for tax credits pursuant to
117 this section, a taxpayer shall submit an application for tax
118 credits to the department. Each application for approval,
119 including any applications received for supplemental
120 allocations of tax credits as provided pursuant to
121 subsection 14 of this section, shall be prioritized in the
122 order of submission.

123 (2) Each application shall be reviewed by the
124 department for approval. In order to receive approval, an
125 application shall include:

126 (a) Proof of ownership or site control. Proof of
127 ownership shall include evidence that the taxpayer is the
128 fee simple owner of the eligible property, such as a
129 warranty deed or a closing statement. Proof of site control
130 may be evidenced by a leasehold interest or an option to
131 acquire such an interest. If the taxpayer is in the process
132 of acquiring fee simple ownership, proof of site control
133 shall include an executed sales contract or an executed
134 option to purchase the eligible property;

135 (b) Floor plans of the existing structure,
136 architectural plans, and, where applicable, plans of the
137 proposed conversion of the structure, as well as proposed
138 additions;

139 (c) The estimated cost of conversion, the anticipated
140 total costs of the project, the actual basis of the
141 property, as shown by proof of actual acquisition costs, the
142 anticipated total labor costs, the estimated project start
143 date, and the estimated project completion date;

144 (d) Proof that the property is an eligible property;

145 (e) A copy of all land use and building approvals
146 reasonably necessary for the commencement of the project; and
147 (f) Any other information which the department may
148 reasonably require to review the project for approval.

149 Only the property for which a property address is provided
150 in the application shall be reviewed for approval. Once
151 selected for review, a taxpayer shall not be permitted to
152 request the review of another property for approval in the
153 place of the property contained in such application. Any
154 disapproved application shall be removed from the review
155 process. If an application is removed from the review
156 process, the department shall notify the taxpayer in writing
157 of the decision to remove such application. Disapproved
158 applications shall lose priority in the review process. A
159 disapproved application, which is removed from the review
160 process, may be resubmitted, but shall be deemed to be a new
161 submission for purposes of the priority procedures described
162 in this section. If the department determines that a
163 taxpayer has failed to comply with the requirements of this
164 subsection, then the department shall notify the applicant
165 of such failure and the applicant shall have a thirty-day
166 period from the date of such notice to submit additional
167 evidence to remedy the failure.

168 8. If the department deems the application sufficient,
169 the taxpayer shall be notified in writing of the approval
170 for an amount of tax credits equal to twenty-five percent of
171 qualified conversion expenditures, less any amount of tax
172 credits previously approved. Such approvals shall be
173 granted to applications in the order of priority established
174 under this section and shall require full compliance
175 thereafter with all other requirements of law as a condition

176 to any claim for such credits. If the department
177 disapproves an application, the taxpayer shall be notified
178 in writing of the reasons for such disapproval. A
179 disapproved application may be resubmitted.

180 9. Following approval of an application, the identity
181 of the taxpayer contained in such application shall not be
182 modified except:

183 (1) The taxpayer may add partners, members, or
184 shareholders as part of the ownership structure, so long as
185 the principal remains the same; provided, however, that
186 subsequent to the commencement of renovation and the
187 expenditure of at least ten percent of the proposed
188 rehabilitation budget, removal of the principal for failure
189 to perform duties and the appointment of a new principal
190 thereafter shall not constitute a change of the principal; or

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

194 10. In the event that the department authorizes tax
195 credits equal to the total amount available pursuant to
196 subsection 4 of this section, or sufficient that when
197 totaled with all other approvals, the amount available
198 pursuant to subsection 4 of this section is exhausted, all
199 taxpayers with applications then awaiting approval or
200 thereafter submitted for approval shall be notified by the
201 department that no additional approvals shall be granted
202 during the fiscal year and shall be notified of the priority
203 given to such taxpayer's application then awaiting
204 approval. Such applications shall be kept on file by the
205 department and shall be considered for approval for tax
206 credits in the order established in this section in the
207 event that additional credits become available due to the

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

210 11. All taxpayers with applications receiving approval
211 shall submit within sixty days following the award of
212 credits evidence of the capacity of the applicant to finance
213 the costs and expenses for the conversion of the eligible
214 property in the form of a line of credit or letter of
215 commitment subject to the lender's termination for a
216 material adverse change impacting the extension of credit.
217 If the department determines that a taxpayer has failed to
218 comply with the requirements of this subsection, then the
219 department shall notify the applicant of such failure and
220 the applicant shall have a thirty-day period from the date
221 of such notice to submit additional evidence to remedy the
222 failure.

223 12. All taxpayers with applications receiving
224 approval, excluding projects described in subdivision (2) of
225 subsection 4 of this section, shall commence conversion
226 within nine months of the date of issuance of the letter
227 from the department granting the approval for tax credits.
228 For the purposes of this subsection, "commence conversion"
229 shall mean that, as of the date in which actual physical
230 work, contemplated by the architectural plans submitted with
231 the application, has begun, the taxpayer has incurred no
232 less than ten percent of the estimated costs of
233 rehabilitation provided in the application. Taxpayers with
234 approval of a project shall submit evidence of compliance
235 with the provisions of this subsection. If the department
236 determines that a taxpayer has failed to comply with the
237 requirements of this subsection, the approval for the amount
238 of tax credits for such taxpayer shall be rescinded and such
239 amount of tax credits shall then be included in the total

240 amount of tax credits from which approvals may be granted.
241 Any taxpayer whose approval shall be subject to rescission
242 shall be notified of such from the department and, upon
243 receipt of such notice, may submit a new application for the
244 project.

245 13. To claim a tax credit authorized pursuant to this
246 section, a taxpayer with approval shall apply for final
247 approval and issuance of tax credits from the department,
248 which shall determine the final amount of qualified
249 conversion expenditures and whether the completed
250 rehabilitation meets the requirements of this section. A
251 taxpayer shall submit to the department a final application
252 demonstrating:

253 (1) That the taxpayer has substantially converted a
254 qualified converted building;

255 (2) Satisfactory evidence of any qualified conversion
256 expenditures for the structure, as determined by the
257 department; and

258 (3) Any other information reasonably requested by the
259 department.

260 For financial institutions, tax credits authorized pursuant
261 to this section shall be deemed to be redevelopment tax
262 credits for the purposes of sections 135.800 to 135.830.
263 The approval of all applications and the issuing of
264 certificates of eligible tax credits to taxpayers shall be
265 performed by the department. The department shall inform a
266 taxpayer of final approval by letter and shall issue, to the
267 taxpayer, tax credit certificates. The taxpayer shall
268 attach the certificate to all Missouri income tax returns on
269 which the credit is claimed.

270 14. Except as expressly provided in this subsection,
271 tax credit certificates shall be issued in the final year
272 that qualified conversion expenditures are incurred, or
273 within the twelve-month period immediately following the
274 conclusion of such rehabilitation. In the event the amount
275 of qualified conversion expenditures incurred by a taxpayer
276 would result in the issuance of an amount of tax credits in
277 excess of the amount provided under such taxpayer's approval
278 granted pursuant to subsection 8 of this section, such
279 taxpayer may apply to the department for issuance of tax
280 credits in an amount equal to such excess. Applications for
281 issuance of tax credits in excess of the amount provided
282 under a taxpayer's application shall be made on a form
283 prescribed by the department. Such applications shall be
284 subject to all provisions regarding priority provided under
285 subsection 7 of this section.

286 15. The department shall determine, on an annual
287 basis, the overall economic impact to the state from the
288 rehabilitation of eligible property pursuant to this section.

289 16. No taxpayer shall be issued tax credits for
290 qualified conversion expenditures on a qualified converted
291 building within twenty-seven years of a previous issuance of
292 tax credits pursuant to this section on such qualified
293 converted building.

294 17. The department may promulgate any rules and
295 regulations necessary to administer the provisions of this
296 section. Any rule or portion of a rule, as that term is
297 defined in section 536.010, that is created under the
298 authority delegated in this section shall become effective
299 only if it complies with and is subject to all of the
300 provisions of chapter 536 and, if applicable, section
301 536.028. This section and chapter 536 are nonseverable and

302 if any of the powers vested with the general assembly
303 pursuant to chapter 536 to review, to delay the effective
304 date, or to disapprove and annul a rule are subsequently
305 held unconstitutional, then the grant of rulemaking
306 authority and any rule proposed or adopted after August 28,
307 2024, shall be invalid and void.

✓